

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

**Form 10-Q**

Mark One)

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

For the quarterly period ended September 30, 2019

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

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

Securities registered pursuant to Section 12(b) of the Act:

| Registrant                 | Title of each class                      | Trading Symbol | Name of each exchange on which registered |
|----------------------------|--|----------------|---|
| Huntsman Corporation       | Common Stock, par value \$0.01 per share | HUN            | New York Stock Exchange                   |
| Huntsman International LLC | NONE                                     | NONE           | NONE                                      |

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 <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| Huntsman International LLC | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

|                            |   |                             |
|----------------------------|---|-----------------------------|
| Huntsman Corporation       | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| Huntsman International LLC | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

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

|                            |   |  |   |  |  |
|----------------------------|---|--|---|--|--|
| Huntsman Corporation       | Large accelerated filer <input checked="" type="checkbox"/> | Accelerated filer <input type="checkbox"/> | Non-accelerated filer <input type="checkbox"/>            | Smaller reporting company <input type="checkbox"/> | Emerging growth company <input type="checkbox"/> |
| Huntsman International LLC | Large accelerated filer <input type="checkbox"/>            | Accelerated filer <input type="checkbox"/> | Non-accelerated filer <input checked="" type="checkbox"/> | Smaller reporting company <input type="checkbox"/> | Emerging Growth company <input type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

|                            |                          |
|----------------------------|--------------------------|
| Huntsman Corporation       | <input type="checkbox"/> |
| Huntsman International LLC | <input type="checkbox"/> |

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

|                            |                              |  |
|----------------------------|------------------------------|--|
| Huntsman Corporation       | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| Huntsman International LLC | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

On October 18, 2019, 225,462,807 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.

**HUNTSMAN CORPORATION AND SUBSIDIARIES  
HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES  
QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD  
ENDED SEPTEMBER 30, 2019**

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## **FORWARD-LOOKING STATEMENTS**

Certain information set forth in this report contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than historical factual information are forward-looking statements, including without limitation statements regarding: projections of revenue, expenses, profit, profit margins, tax rates, tax provisions, cash flows, pension and benefit obligations and funding requirements, our liquidity position or other projected financial measures; management’s plans and strategies for future operations, including statements relating to anticipated operating performance, cost reductions, restructuring activities, new product and service developments, competitive strengths or market position, acquisitions, divestitures, business separations, spin-offs, or other distributions, strategic opportunities, securities offerings, stock repurchases, dividends and executive compensation; growth, declines and other trends in markets we sell into; new or modified laws, regulations and accounting pronouncements; outstanding claims, legal proceedings, tax audits and assessments and other contingent liabilities; foreign currency exchange rates and fluctuations in those rates; general economic and capital markets conditions; the timing of any of the foregoing; assumptions underlying any of the foregoing; and any other statements that address events or developments that we intend or believe will or may occur in the future. In some cases, forward-looking statements can be identified by terminology such as “believes,” “expects,” “may,” “will,” “should,” “anticipates” or “intends” or the negative of such terms or other comparable terminology, or by discussions of strategy. We may also make additional forward-looking statements from time to time. All such subsequent forward-looking statements, whether written or oral, by us or on our behalf, are also expressly qualified by these cautionary statements.

All forward-looking statements, including without limitation any projections derived from management’s examination of historical operating trends, are based upon our current expectations and various assumptions. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them, but there can be no assurance that management’s expectations, beliefs and projections will be achieved. All forward-looking statements apply only as of the date made. We undertake no obligation to publicly update or revise forward-looking statements whether because of new information, future events or otherwise, except as required by securities and other applicable law.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in or contemplated by this report. Any forward-looking statements should be considered in light of the risks set forth in “Part II. Item 1A. Risk Factors” below and “Part I. Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2018.

**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,<br>2019 | December 31,<br>2018 |
|--|-----------------------|----------------------|
| <b>ASSETS</b>  |                       |                      |
| <b>Current assets:</b>   |                       |                      |
| Cash and cash equivalents(a)   | \$ 418                | \$ 340               |
| Accounts and notes receivable (net of allowance for doubtful accounts of \$ 20 and \$21, respectively), (\$325 and \$341 pledged as collateral, respectively)(a)           | 1,078                 | 1,165                |
| Accounts receivable from affiliates  | 12                    | 18                   |
| Inventories(a)   | 961                   | 1,000                |
| Prepaid expenses   | 53                    | 58                   |
| Other current assets(a)  | 99                    | 145                  |
| Current assets held for sale   | 1,108                 | 232                  |
| <b>Total current assets</b>  | <b>3,729</b>          | <b>2,958</b>         |
| Property, plant and equipment, net(a)  | 2,324                 | 2,353                |
| Investment in unconsolidated affiliates  | 454                   | 526                  |
| Intangible assets, net(a)  | 202                   | 213                  |
| Goodwill   | 274                   | 275                  |
| Deferred income taxes  | 309                   | 324                  |
| Notes receivable from affiliate  | 34                    | 34                   |
| Operating lease right-of-use assets  | 356                   | —                    |
| Other noncurrent assets(a)   | 433                   | 393                  |
| Noncurrent assets held for sale  | —                     | 877                  |
| <b>Total assets</b>  | <b>\$ 8,115</b>       | <b>\$ 7,953</b>      |
| <b>LIABILITIES AND EQUITY</b>  |                       |                      |
| <b>Current liabilities:</b>  |                       |                      |
| Accounts payable(a)  | \$ 715                | \$ 761               |
| Accounts payable to affiliates   | 29                    | 32                   |
| Accrued liabilities(a)   | 406                   | 497                  |
| Current portion of debt(a)   | 132                   | 96                   |
| Current operating lease liabilities(a)   | 37                    | —                    |
| Current liabilities held for sale  | 586                   | 225                  |
| <b>Total current liabilities</b>   | <b>1,905</b>          | <b>1,611</b>         |
| Long-term debt(a)  | 2,204                 | 2,224                |
| Deferred income taxes  | 198                   | 137                  |
| Noncurrent operating lease liabilities(a)  | 349                   | —                    |
| Other noncurrent liabilities(a)  | 821                   | 949                  |
| Noncurrent liabilities held for sale   | —                     | 283                  |
| <b>Total liabilities</b>   | <b>5,477</b>          | <b>5,204</b>         |
| <b>Commitments and contingencies (Notes 15 and 16)</b>   |                       |                      |
| <b>Equity</b>  |                       |                      |
| <b>Huntsman Corporation stockholders' equity:</b>  |                       |                      |
| Common stock \$0.01 par value, 1,200,000,000 shares authorized, 257,299,669 and 256,006,849 shares issued and 224,690,660 and 232,994,172 shares outstanding, respectively | 3                     | 3                    |
| Additional paid-in capital   | 4,009                 | 3,984                |
| Treasury stock, 32,609,012 and 23,012,680 shares, respectively   | (623)                 | (427)                |
| Unearned stock-based compensation  | (21)                  | (16)                 |
| Retained earnings  | 424                   | 292                  |
| Accumulated other comprehensive loss   | (1,310)               | (1,316)              |
| <b>Total Huntsman Corporation stockholders' equity</b>   | <b>2,482</b>          | <b>2,520</b>         |
| Noncontrolling interests in subsidiaries   | 156                   | 229                  |
| <b>Total equity</b>  | <b>2,638</b>          | <b>2,749</b>         |
| <b>Total liabilities and equity</b>  | <b>\$ 8,115</b>       | <b>\$ 7,953</b>      |

(a) At September 30, 2019 and December 31, 2018, respectively, \$4 and \$7 of cash and cash equivalents, \$11 and \$30 of accounts and notes receivable (net), \$36 and \$49 of inventories, nil and \$5 of other current assets, \$199 and \$265 of property, plant and equipment (net), nil and \$10 of intangible assets (net), \$20 and \$52 of other noncurrent assets, \$85 and \$123 of accounts payable, \$15 and \$30 of accrued liabilities, \$30 and \$25 of current portion of debt, \$5 and nil of current operating lease liabilities, \$42 and \$61 of long-term debt, \$13 and nil of noncurrent operating lease liabilities and \$88 and \$97 of other noncurrent liabilities from consolidated variable interest entities are included in the respective balance sheet captions above. See "Note 6. Variable Interest Entities."

See accompanying notes to condensed consolidated financial statements.

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

|   | Three months<br>ended<br>September 30, |                  | Nine months<br>ended<br>September 30, |                |
|---|--|------------------|---------------------------------------|----------------|
|   | 2019                                   | 2018             | 2019                                  | 2018           |
| <b>Revenues:</b>  |  |                  |                                       |                |
| Trade sales, services and fees, net   | \$ 1,653                               | \$ 1,928         | \$ 5,044                              | \$ 5,668       |
| Related party sales   | 34                                     | 40               | 96                                    | 115            |
| <b>Total revenues</b>   | <b>1,687</b>                           | <b>1,968</b>     | <b>5,140</b>                          | <b>5,783</b>   |
| <b>Cost of goods sold</b>   | <b>1,347</b>                           | <b>1,501</b>     | <b>4,068</b>                          | <b>4,371</b>   |
| <b>Gross profit</b>   | <b>340</b>                             | <b>467</b>       | <b>1,072</b>                          | <b>1,412</b>   |
| <b>Operating expenses:</b>  |  |                  |                                       |                |
| Selling, general and administrative   | 193                                    | 203              | 585                                   | 578            |
| Research and development  | 35                                     | 35               | 109                                   | 108            |
| Restructuring, impairment and plant closing (credits) costs   | (43)                                   | 5                | (42)                                  | 8              |
| Merger costs  | —                                      | 1                | —                                     | 2              |
| Other operating expense, net  | 3                                      | —                | 1                                     | 25             |
| <b>Total operating expenses</b>   | <b>188</b>                             | <b>244</b>       | <b>653</b>                            | <b>721</b>     |
| <b>Operating income</b>   | <b>152</b>                             | <b>223</b>       | <b>419</b>                            | <b>691</b>     |
| Interest expense  | (27)                                   | (30)             | (86)                                  | (86)           |
| Equity in income of investment in unconsolidated affiliates   | 19                                     | 14               | 41                                    | 45             |
| Fair value adjustments to Venator investment  | (148)                                  | —                | (90)                                  | —              |
| Loss on early extinguishment of debt  | —                                      | —                | (23)                                  | (3)            |
| Other income, net   | 7                                      | 6                | 16                                    | 22             |
| <b>Income from continuing operations before income taxes</b>  | <b>3</b>                               | <b>213</b>       | <b>277</b>                            | <b>669</b>     |
| Income tax expense  | (30)                                   | (16)             | (113)                                 | (41)           |
| <b>(Loss) income from continuing operations</b>   | <b>(27)</b>                            | <b>197</b>       | <b>164</b>                            | <b>628</b>     |
| Income (loss) from discontinued operations, net of tax  | 68                                     | (205)            | 126                                   | 337            |
| <b>Net income (loss)</b>  | <b>41</b>                              | <b>(8)</b>       | <b>290</b>                            | <b>965</b>     |
| Net income attributable to noncontrolling interests   | (11)                                   | (3)              | (31)                                  | (288)          |
| <b>Net income (loss) attributable to Huntsman Corporation</b>   | <b>\$ 30</b>                           | <b>\$ (11)</b>   | <b>\$ 259</b>                         | <b>\$ 677</b>  |
| <b>Basic (loss) income per share:</b>   |  |                  |                                       |                |
| (Loss) income from continuing operations attributable to Huntsman Corporation common stockholders               | \$ (0.17)                              | \$ 0.72          | \$ 0.58                               | \$ 2.35        |
| Income (loss) from discontinued operations attributable to Huntsman Corporation common stockholders, net of tax | 0.30                                   | (0.77)           | 0.54                                  | 0.48           |
| <b>Net income (loss) attributable to Huntsman Corporation common stockholders</b>                               | <b>\$ 0.13</b>                         | <b>\$ (0.05)</b> | <b>\$ 1.12</b>                        | <b>\$ 2.83</b> |
| Weighted average shares   | 227.4                                  | 237.9            | 230.3                                 | 239.1          |
| <b>Diluted (loss) income per share:</b>   |  |                  |                                       |                |
| (Loss) income from continuing operations attributable to Huntsman Corporation common stockholders               | \$ (0.17)                              | \$ 0.72          | \$ 0.58                               | \$ 2.31        |
| Income (loss) from discontinued operations attributable to Huntsman Corporation common stockholders, net of tax | 0.30                                   | (0.77)           | 0.54                                  | 0.48           |
| <b>Net income (loss) attributable to Huntsman Corporation common stockholders</b>                               | <b>\$ 0.13</b>                         | <b>\$ (0.05)</b> | <b>\$ 1.12</b>                        | <b>\$ 2.79</b> |
| Weighted average shares   | 227.4                                  | 240.8            | 232.0                                 | 243.0          |
| <b>Amounts attributable to Huntsman Corporation common stockholders:</b>  |  |                  |                                       |                |
| (Loss) income from continuing operations  | \$ (38)                                | \$ 173           | \$ 133                                | \$ 562         |
| Income (loss) from discontinued operations, net of tax  | 68                                     | (184)            | 126                                   | 115            |
| <b>Net income (loss)</b>  | <b>\$ 30</b>                           | <b>\$ (11)</b>   | <b>\$ 259</b>                         | <b>\$ 677</b>  |

See accompanying notes to condensed consolidated financial statements.

**HUNTSMAN CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**(In Millions)**

|   | Three months<br>ended |                | Nine months<br>ended |               |
|---|-----------------------|----------------|----------------------|---------------|
|   | September 30,         |                | September 30,        |               |
|   | 2019                  | 2018           | 2019                 | 2018          |
| <b>Net income (loss)</b>  | \$ 41                 | \$ (8)         | \$ 290               | \$ 965        |
| <b>Other comprehensive (loss) income, net of tax:</b>                   |                       |                |                      |               |
| Foreign currency translations adjustments                               | (40)                  | (41)           | (20)                 | (156)         |
| Pension and other postretirement benefits adjustments                   | 11                    | 16             | 36                   | 61            |
| Other, net  | (1)                   | —              | (1)                  | (8)           |
| <b>Other comprehensive (loss) income, net of tax</b>                    | <u>(30)</u>           | <u>(25)</u>    | <u>15</u>            | <u>(103)</u>  |
| <b>Comprehensive income (loss)</b>                                      | 11                    | (33)           | 305                  | 862           |
| Comprehensive income attributable to noncontrolling interests           | (5)                   | (2)            | (25)                 | (256)         |
| <b>Comprehensive income (loss) attributable to Huntsman Corporation</b> | <u>\$ 6</u>           | <u>\$ (35)</u> | <u>\$ 280</u>        | <u>\$ 606</u> |

See accompanying notes to condensed consolidated financial statements.

**HUNTSMAN CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**  
(In Millions, Except Share Amounts)

|   | Huntsman Corporation Stockholders' Equity |              |                            |                |                                   |                   |                                      |  | Total equity |
|---|---|--------------|----------------------------|----------------|-----------------------------------|-------------------|--------------------------------------|--|--------------|
|   | Shares Common stock                       | Common stock | Additional paid-in capital | Treasury stock | Unearned stock-based compensation | Retained earnings | Accumulated other comprehensive loss | Noncontrolling interests in subsidiaries |              |
| Balance, January 1, 2019                                | 232,994,172                               | \$ 3         | \$ 3,984                   | \$ (427)       | \$ (16)                           | \$ 292            | \$ (1,316)                           | \$ 229                                   | \$ 2,749     |
| Net income  | —   | —            | —                          | —              | —                                 | 119               | —                                    | 12                                       | 131          |
| Other comprehensive income                              | —   | —            | —                          | —              | —                                 | —                 | 52                                   | 2  | 54           |
| Issuance of nonvested stock awards                      | —   | —            | 16                         | —              | (16)                              | —                 | —                                    | —  | —            |
| Vesting of stock awards                                 | 1,619,502                                 | —            | 7                          | —              | —                                 | —                 | —                                    | —  | 7            |
| Recognition of stock-based compensation                 | —   | —            | 2                          | —              | 4                                 | —                 | —                                    | —  | 6            |
| Repurchase and cancellation of stock awards             | (483,053)                                 | —            | —                          | —              | —                                 | (12)              | —                                    | —  | (12)         |
| Stock options exercised                                 | 78,054                                    | —            | 1                          | —              | —                                 | —                 | —                                    | —  | 1            |
| Treasury stock repurchased                              | (1,525,767)                               | —            | —                          | (34)           | —                                 | —                 | —                                    | —  | (34)         |
| Dividends declared on common stock (\$0.1625 per share) | —   | —            | —                          | —              | —                                 | (39)              | —                                    | —  | (39)         |
| Balance, March 31, 2019                                 | 232,682,908                               | \$ 3         | \$ 4,010                   | \$ (461)       | \$ (28)                           | \$ 360            | \$ (1,264)                           | \$ 243                                   | \$ 2,863     |
| Net income  | —   | —            | —                          | —              | —                                 | 110               | —                                    | 8  | 118          |
| Other comprehensive loss                                | —   | —            | —                          | —              | —                                 | —                 | (7)                                  | (2)                                      | (9)          |
| Vesting of stock awards                                 | 6,701                                     | —            | —                          | —              | —                                 | —                 | —                                    | —  | —            |
| Recognition of stock-based compensation                 | —   | —            | 2                          | —              | 4                                 | —                 | —                                    | —  | 6            |
| Repurchase and cancellation of stock awards             | (1,732)                                   | —            | —                          | —              | —                                 | —                 | —                                    | —  | —            |
| Stock options exercised                                 | 27,180                                    | —            | 1                          | —              | —                                 | —                 | —                                    | —  | 1            |
| Treasury stock repurchased                              | (4,014,487)                               | —            | —                          | (81)           | —                                 | —                 | —                                    | —  | (81)         |
| Dividends declared to noncontrolling interests          | —   | —            | —                          | —              | —                                 | —                 | —                                    | (40)                                     | (40)         |
| Dividends declared on common stock (\$0.1625 per share) | —   | —            | —                          | —              | —                                 | (38)              | —                                    | —  | (38)         |
| Balance, June 30, 2019                                  | 228,700,570                               | \$ 3         | \$ 4,013                   | \$ (542)       | \$ (24)                           | \$ 432            | \$ (1,271)                           | \$ 209                                   | \$ 2,820     |
| Net income  | —   | —            | —                          | —              | —                                 | 30                | —                                    | 11                                       | 41           |
| Other comprehensive (loss) income                       | —   | —            | —                          | —              | —                                 | —                 | (39)                                 | 9  | (30)         |
| Acquisition of noncontrolling interests, net of tax     | —   | —            | (6)                        | —              | —                                 | —                 | —                                    | (73)                                     | (79)         |
| Vesting of stock awards                                 | 11,488                                    | —            | —                          | —              | —                                 | —                 | —                                    | —  | —            |
| Recognition of stock-based compensation                 | —   | —            | 2                          | —              | 3                                 | —                 | —                                    | —  | 5            |
| Repurchase and cancellation of stock awards             | (2,273)                                   | —            | —                          | —              | —                                 | —                 | —                                    | —  | —            |
| Stock options exercised                                 | 36,953                                    | —            | —                          | —              | —                                 | —                 | —                                    | —  | —            |
| Treasury stock repurchased                              | (4,056,078)                               | —            | —                          | (81)           | —                                 | —                 | —                                    | —  | (81)         |
| Dividends declared on common stock (\$0.1625 per share) | —   | —            | —                          | —              | —                                 | (38)              | —                                    | —  | (38)         |
| Balance, September 30, 2019                             | 224,690,660                               | \$ 3         | \$ 4,009                   | \$ (623)       | \$ (21)                           | \$ 424            | \$ (1,310)                           | \$ 156                                   | \$ 2,638     |

(Continued)

**HUNTSMAN CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (Continued)**  
(In Millions, Except Share Amounts)

|  | Huntsman Corporation Stockholders' Equity |                 |                                  |                   |   |                      |   |  |                 |
|--|---|-----------------|----------------------------------|-------------------|---|----------------------|---|--|-----------------|
|  | Shares<br>Common<br>stock                 | Common<br>stock | Additional<br>paid-in<br>capital | Treasury<br>stock | Unearned<br>stock-based<br>compensation | Retained<br>earnings | Accumulated<br>other<br>comprehensive<br>loss | Noncontrolling<br>interests in<br>subsidiaries | Total<br>equity |
| Balance, January 1, 2018   | 240,213,606                               | \$ 3            | \$ 3,889                         | \$ (150)          | \$ (15)                                 | \$ 161               | \$ (1,268)                                    | \$ 751   | \$ 3,371        |
| Cumulative effect of changes in fair value of equity investments | —   | —               | —                                | —                 | —                                       | 10                   | (10)  | —  | —               |
| Net income   | —   | —               | —                                | —                 | —                                       | 274                  | —   | 76   | 350             |
| Other comprehensive income                                       | —   | —               | —                                | —                 | —                                       | —                    | 80  | 23   | 103             |
| Issuance of nonvested stock awards                               | —   | —               | 14                               | —                 | (14)                                    | —                    | —   | —  | —               |
| Vesting of stock awards  | 985,493                                   | —               | 11                               | —                 | —                                       | —                    | —   | —  | 11              |
| Recognition of stock-based compensation                          | —   | —               | 2                                | —                 | 3                                       | —                    | —   | —  | 5               |
| Repurchase and cancellation of stock awards                      | (253,345)                                 | —               | —                                | —                 | —                                       | (11)                 | —   | —  | (11)            |
| Stock options exercised  | 571,417                                   | —               | 7                                | —                 | —                                       | (2)                  | —   | —  | 5               |
| Treasury stock repurchased                                       | (1,685,300)                               | —               | —                                | (51)              | —                                       | —                    | —   | —  | (51)            |
| Disposition of a portion of Venator                              | —   | —               | 18                               | —                 | —                                       | —                    | —   | —  | 18              |
| Costs of the secondary offering of Venator                       | —   | —               | (2)                              | —                 | —                                       | —                    | —   | —  | (2)             |
| Noncontrolling interest from partial disposal of Venator         | —   | —               | —                                | —                 | —                                       | —                    | —   | 27   | 27              |
| Dividends paid to noncontrolling interests                       | —   | —               | —                                | —                 | —                                       | —                    | —   | (18)   | (18)            |
| Dividends declared on common stock (\$0.1625 per share)          | —   | —               | —                                | —                 | —                                       | (39)                 | —   | —  | (39)            |
| Balance, March 31, 2018  | 239,831,871                               | 3               | 3,939                            | (201)             | (26)                                    | 393                  | (1,198)                                       | 859  | 3,769           |
| Net income   | —   | —               | —                                | —                 | —                                       | 414                  | —   | 209  | 623             |
| Other comprehensive loss   | —   | —               | —                                | —                 | —                                       | —                    | (132)   | (49)   | (181)           |
| Vesting of stock awards  | 124,320                                   | —               | —                                | —                 | —                                       | —                    | —   | —  | —               |
| Recognition of stock-based compensation                          | —   | —               | 2                                | —                 | 4                                       | —                    | —   | —  | 6               |
| Repurchase and cancellation of stock awards                      | (1,533)                                   | —               | —                                | —                 | —                                       | (18)                 | —   | —  | (18)            |
| Stock options exercised  | 1,517,717                                 | —               | 36                               | —                 | —                                       | (26)                 | —   | —  | 10              |
| Treasury stock repurchased                                       | (2,947,102)                               | —               | —                                | (87)              | —                                       | —                    | —   | —  | (87)            |
| Dividends paid to noncontrolling interests                       | —   | —               | —                                | —                 | —                                       | —                    | —   | (13)   | (13)            |
| Dividends declared on common stock (\$0.1625 per share)          | —   | —               | —                                | —                 | —                                       | (39)                 | —   | —  | (39)            |
| Balance, June 30, 2018   | 238,525,273                               | 3               | 3,977                            | (288)             | (22)                                    | 724                  | (1,330)                                       | 1,006  | 4,070           |
| Net (loss) income  | —   | —               | —                                | —                 | —                                       | (11)                 | —   | 3  | (8)             |
| Other comprehensive loss   | —   | —               | —                                | —                 | —                                       | —                    | (24)  | (1)  | (25)            |
| Vesting of stock awards  | 17,398                                    | —               | —                                | —                 | —                                       | —                    | —   | —  | —               |
| Recognition of stock-based compensation                          | —   | —               | 2                                | —                 | 3                                       | —                    | —   | —  | 5               |
| Repurchase and cancellation of stock awards                      | (4,617)                                   | —               | —                                | —                 | —                                       | (1)                  | —   | —  | (1)             |
| Stock options exercised  | 171,356                                   | —               | 3                                | —                 | —                                       | (1)                  | —   | —  | 2               |
| Treasury stock repurchased                                       | (1,263,263)                               | —               | —                                | (37)              | —                                       | —                    | —   | —  | (37)            |
| Accrued and unpaid dividends                                     | —   | —               | —                                | —                 | —                                       | (1)                  | —   | —  | (1)             |
| Dividends paid to noncontrolling interests                       | —   | —               | —                                | —                 | —                                       | —                    | —   | (2)  | (2)             |
| Dividends declared on common stock (\$0.1625 per share)          | —   | —               | —                                | —                 | —                                       | (39)                 | —   | —  | (39)            |
| Balance, September 30, 2018                                      | 237,446,147                               | \$ 3            | \$ 3,982                         | \$ (325)          | \$ (19)                                 | \$ 671               | \$ (1,354)                                    | \$ 1,006                                       | \$ 3,964        |

See accompanying notes to condensed consolidated financial statements.



**HUNTSMAN CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In Millions)

|   | Nine months<br>ended<br>September 30, |              |
|---|---------------------------------------|--------------|
|   | 2019                                  | 2018         |
| <b>Operating Activities:</b>  |                                       |              |
| Net income  | \$ 290                                | \$ 965       |
| Less: Income from discontinued operations, net of tax   | (126)                                 | (337)        |
| Income from continuing operations   | 164                                   | 628          |
| Adjustments to reconcile income from continuing operations to net cash provided by operating activities from continuing operations: |                                       |              |
| Equity in income of investment in unconsolidated affiliates   | (41)                                  | (45)         |
| Unrealized losses on fair value adjustments to Venator investment   | 91                                    | —            |
| Cash received from return on investment in unconsolidated subsidiary  | 17                                    | —            |
| Depreciation and amortization   | 201                                   | 187          |
| Noncash lease expense   | 41                                    | —            |
| (Gain) loss on disposal of businesses/assets, net   | (49)                                  | 2            |
| Loss on early extinguishment of debt  | 23                                    | 3            |
| Noncash interest expense  | 2                                     | 1            |
| Noncash restructuring and impairment charges  | 3                                     | 2            |
| Deferred income taxes   | 64                                    | (135)        |
| Noncash loss on foreign currency transactions   | 3                                     | 3            |
| Stock-based compensation  | 22                                    | 22           |
| Other, net  | 7                                     | 5            |
| Changes in operating assets and liabilities:  |                                       |              |
| Accounts and notes receivable   | 69                                    | (135)        |
| Inventories   | 19                                    | (158)        |
| Prepaid expenses  | 4                                     | 1            |
| Other current assets  | 26                                    | 11           |
| Other noncurrent assets   | (73)                                  | (34)         |
| Accounts payable  | (16)                                  | 53           |
| Accrued liabilities   | (57)                                  | (6)          |
| Other noncurrent liabilities  | (86)                                  | 41           |
| <b>Net cash provided by operating activities from continuing operations</b>   | <b>434</b>                            | <b>446</b>   |
| <b>Net cash provided by operating activities from discontinued operations</b>   | <b>222</b>                            | <b>488</b>   |
| <b>Net cash provided by operating activities</b>  | <b>656</b>                            | <b>934</b>   |
| <b>Investing Activities:</b>  |                                       |              |
| Capital expenditures  | (181)                                 | (148)        |
| Acquisition of a business, net of cash acquired   | —                                     | (366)        |
| Proceeds from sale of assets  | 49                                    | —            |
| Cash received from forward swap contract related to the sale of investment in Venator   | 16                                    | —            |
| Other   | 5                                     | —            |
| <b>Net cash used in investing activities from continuing operations</b>   | <b>(111)</b>                          | <b>(514)</b> |
| <b>Net cash used in investing activities from discontinued operations</b>   | <b>(31)</b>                           | <b>(297)</b> |
| <b>Net cash used in investing activities</b>  | <b>(142)</b>                          | <b>(811)</b> |

(Continued)

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

|  | Nine months<br>ended<br>September 30, |               |
|--|---------------------------------------|---------------|
|  | 2019                                  | 2018          |
| <b>Financing Activities:</b>   |                                       |               |
| Net (repayments) borrowings on revolving loan facilities                                       | \$ (104)                              | \$ 265        |
| Repayments of long-term debt   | (662)                                 | (59)          |
| Proceeds from issuance of long-term debt   | 742                                   | —             |
| Repayments of short-term debt  | —                                     | (6)           |
| Borrowings on short-term debt  | 101                                   | 6             |
| Repayments of notes payable  | (21)                                  | (24)          |
| Borrowings on note payable   | 2                                     | —             |
| Debt issuance costs paid   | (7)                                   | (4)           |
| Costs of early extinguishment of debt  | (21)                                  | —             |
| Dividends paid to common stockholders  | (115)                                 | (118)         |
| Dividends paid to noncontrolling interests   | (40)                                  | (33)          |
| Cash paid for noncontrolling interest  | (100)                                 | —             |
| Repurchase of common stock   | (196)                                 | (175)         |
| Repurchase and cancellation of stock awards  | (12)                                  | (30)          |
| Proceeds from issuance of common stock   | 2                                     | 17            |
| Proceeds from the secondary offering of Venator  | —                                     | 44            |
| Cash paid for expenses of the secondary offering of Venator                                    | —                                     | (2)           |
| Other  | —                                     | 2             |
| <b>Net cash used in financing activities</b>   | <b>(431)</b>                          | <b>(117)</b>  |
| <b>Effect of exchange rate changes on cash</b>   | <b>(5)</b>                            | <b>(28)</b>   |
| Increase in cash, cash equivalents and restricted cash   | 78                                    | (22)          |
| Cash, cash equivalents and restricted cash from continuing operations at beginning of period   | 340                                   | 481           |
| Cash, cash equivalents and restricted cash from discontinued operations at beginning of period | —                                     | 238           |
| Cash, cash equivalents and restricted cash at end of period                                    | <u>\$ 418</u>                         | <u>\$ 697</u> |
| <b>Supplemental cash flow information:</b>   |                                       |               |
| Cash paid for interest   | \$ 65                                 | \$ 114        |
| Cash paid for income taxes   | 102                                   | 145           |

As of September 30, 2019 and 2018, the amount of capital expenditures in accounts payable was \$8 million and \$26 million, respectively. In addition, as of September 30, 2018, the amount of cash interest and cash income taxes included in our supplemental cash flow information related to cash paid for interest and cash paid for income taxes that was paid by Venator after the initial public offering date was \$41 million and \$28 million, respectively.

See accompanying notes to condensed consolidated financial statements.

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In Millions)

|  | September 30,<br>2019 | December 31,<br>2018 |
|--|-----------------------|----------------------|
| <b>ASSETS</b>  |                       |                      |
| <b>Current assets:</b>   |                       |                      |
| Cash and cash equivalents(a)   | \$ 417                | \$ 340               |
| Accounts and notes receivable (net of allowance for doubtful accounts of \$ 20 and \$21, respectively), (\$325 and \$341 pledged as collateral, respectively)(a) | 1,078                 | 1,165                |
| Accounts receivable from affiliates  | 408                   | 399                  |
| Inventories(a)   | 961                   | 1,000                |
| Prepaid expenses   | 51                    | 57                   |
| Other current assets(a)  | 102                   | 147                  |
| Current assets held for sale   | 1,108                 | 232                  |
| <b>Total current assets</b>  | <b>4,125</b>          | <b>3,340</b>         |
| Property, plant and equipment, net(a)  | 2,324                 | 2,353                |
| Investment in unconsolidated affiliates  | 454                   | 526                  |
| Intangible assets, net(a)  | 202                   | 213                  |
| Goodwill   | 274                   | 275                  |
| Deferred income taxes  | 309                   | 324                  |
| Notes receivable from affiliate  | 34                    | 34                   |
| Operating lease right-of-use assets  | 356                   | —                    |
| Other noncurrent assets(a)   | 433                   | 393                  |
| Noncurrent assets held for sale  | —                     | 877                  |
| <b>Total assets</b>  | <b>\$ 8,511</b>       | <b>\$ 8,335</b>      |
| <b>LIABILITIES AND EQUITY</b>  |                       |                      |
| <b>Current liabilities:</b>  |                       |                      |
| Accounts payable(a)  | \$ 714                | \$ 761               |
| Accounts payable to affiliates   | 112                   | 104                  |
| Accrued liabilities(a)   | 403                   | 494                  |
| Notes payable to affiliates  | 100                   | 100                  |
| Current portion of debt(a)   | 132                   | 96                   |
| Current operating lease liabilities(a)   | 37                    | —                    |
| Current liabilities held for sale  | 586                   | 225                  |
| <b>Total current liabilities</b>   | <b>2,084</b>          | <b>1,780</b>         |
| Long-term debt(a)  | 2,204                 | 2,224                |
| Notes payable to affiliates  | 291                   | 488                  |
| Deferred income taxes  | 195                   | 135                  |
| Noncurrent operating lease liabilities(a)  | 349                   | —                    |
| Other noncurrent liabilities(a)  | 813                   | 937                  |
| Noncurrent liabilities held for sale   | —                     | 283                  |
| <b>Total liabilities</b>   | <b>5,936</b>          | <b>5,847</b>         |
| <b>Commitments and contingencies (Notes 15 and 16)</b>   |                       |                      |
| <b>Equity</b>  |                       |                      |
| <b>Huntsman International LLC members' equity:</b>   |                       |                      |
| Members' equity, 2,728 units issued and outstanding  | 3,673                 | 3,658                |
| Retained earnings (accumulated deficit)  | 47                    | (91)                 |
| Accumulated other comprehensive loss   | (1,301)               | (1,308)              |
| <b>Total Huntsman International LLC members' equity</b>  | <b>2,419</b>          | <b>2,259</b>         |
| Noncontrolling interests in subsidiaries   | 156                   | 229                  |
| <b>Total equity</b>  | <b>2,575</b>          | <b>2,488</b>         |
| <b>Total liabilities and equity</b>  | <b>\$ 8,511</b>       | <b>\$ 8,335</b>      |

(a) At September 30, 2019 and December 31, 2018, respectively, \$4 and \$7 of cash and cash equivalents, \$11 and \$30 of accounts and notes receivable (net), \$36 and \$49 of inventories, nil and \$5 of other current assets, \$199 and \$265 of property, plant and equipment (net), nil and \$10 of intangible assets (net), \$20 and \$52 of other noncurrent assets, \$85 and \$123 of accounts payable, \$15 and \$30 of accrued liabilities, \$30 and \$25 of current portion of debt, \$5 and nil of current operating lease liabilities, \$42 and \$61 of long-term debt, \$13 and nil of noncurrent operating lease liabilities and \$88 and \$97 of other noncurrent liabilities from consolidated variable interest entities are included in the respective balance sheet captions above. See "Note 6. Variable Interest Entities."

See accompanying notes to condensed consolidated financial statements.

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In Millions)

|   | Three months<br>ended<br>September 30, |                | Nine months<br>ended<br>September 30, |               |
|---|--|----------------|---------------------------------------|---------------|
|   | 2019                                   | 2018           | 2019                                  | 2018          |
| <b>Revenues:</b>  |  |                |                                       |               |
| Trade sales, services and fees, net                                 | \$ 1,653                               | \$ 1,928       | \$ 5,044                              | \$ 5,668      |
| Related party sales   | 34                                     | 40             | 96                                    | 115           |
| <b>Total revenues</b>   | <u>1,687</u>                           | <u>1,968</u>   | <u>5,140</u>                          | <u>5,783</u>  |
| <b>Cost of goods sold</b>   | <u>1,347</u>                           | <u>1,500</u>   | <u>4,068</u>                          | <u>4,368</u>  |
| <b>Gross profit</b>   | 340                                    | 468            | 1,072                                 | 1,415         |
| <b>Operating expenses:</b>  |  |                |                                       |               |
| Selling, general and administrative                                 | 192                                    | 202            | 581                                   | 575           |
| Research and development  | 35                                     | 35             | 109                                   | 108           |
| Restructuring, impairment and plant closing (credits) costs         | (43)                                   | 5              | (42)                                  | 8             |
| Merger costs  | —                                      | 1              | —                                     | 2             |
| Other operating expense, net  | 3                                      | 2              | 1                                     | 27            |
| Total operating expenses  | <u>187</u>                             | <u>245</u>     | <u>649</u>                            | <u>720</u>    |
| <b>Operating income</b>   | 153                                    | 223            | 423                                   | 695           |
| Interest expense  | (31)                                   | (36)           | (99)                                  | (102)         |
| Equity in income of investment in unconsolidated affiliates         | 19                                     | 14             | 41                                    | 45            |
| Fair value adjustments to Venator investment                        | (148)                                  | —              | (90)                                  | —             |
| Loss on early extinguishment of debt                                | —                                      | —              | (23)                                  | (3)           |
| Other income, net   | 6                                      | 8              | 13                                    | 22            |
| <b>(Loss) income from continuing operations before income taxes</b> | (1)                                    | 209            | 265                                   | 657           |
| Income tax expense  | (29)                                   | (15)           | (110)                                 | (38)          |
| <b>(Loss) income from continuing operations</b>                     | (30)                                   | 194            | 155                                   | 619           |
| Income (loss) from discontinued operations, net of tax              | 68                                     | (205)          | 126                                   | 337           |
| <b>Net income (loss)</b>  | 38                                     | (11)           | 281                                   | 956           |
| Net income attributable to noncontrolling interests                 | (11)                                   | (3)            | (31)                                  | (288)         |
| <b>Net income (loss) attributable to Huntsman International LLC</b> | <u>\$ 27</u>                           | <u>\$ (14)</u> | <u>\$ 250</u>                         | <u>\$ 668</u> |

See accompanying notes to condensed consolidated financial statements.

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**(In Millions)**

|   | Three months<br>ended |                | Nine months<br>ended |               |
|---|-----------------------|----------------|----------------------|---------------|
|   | September 30,         |                | September 30,        |               |
|   | 2019                  | 2018           | 2019                 | 2018          |
| <b>Net income (loss)</b>  | \$ 38                 | \$ (11)        | \$ 281               | \$ 956        |
| <b>Other comprehensive (loss) income, net of tax:</b>                         |                       |                |                      |               |
| Foreign currency translations adjustment                                      | (41)                  | (42)           | (21)                 | (157)         |
| Pension and other postretirement benefits adjustments                         | 12                    | 17             | 38                   | 62            |
| Other, net  | (1)                   | —              | (1)                  | (5)           |
| <b>Other comprehensive (loss) income, net of tax</b>                          | <u>(30)</u>           | <u>(25)</u>    | <u>16</u>            | <u>(100)</u>  |
| <b>Comprehensive income (loss)</b>  | 8                     | (36)           | 297                  | 856           |
| Comprehensive income attributable to noncontrolling interests                 | (5)                   | (2)            | (25)                 | (256)         |
| <b>Comprehensive income (loss) attributable to Huntsman International LLC</b> | <u>\$ 3</u>           | <u>\$ (38)</u> | <u>\$ 272</u>        | <u>\$ 600</u> |

See accompanying notes to condensed consolidated financial statements.

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**  
(In Millions, Except Unit Amounts)

|  | Huntsman International LLC Members |                 |   |  | Noncontrolling<br>interests in<br>subsidiaries | Total<br>equity |
|--|------------------------------------|-----------------|---|--|--|-----------------|
|  | Members'<br>equity                 |                 | Retained earnings<br>(accumulated<br>deficit) | Accumulated other<br>comprehensive<br>loss |  |                 |
|  | Units                              | Amount          |   |  |  |                 |
| Balance, January 1, 2019                               | 2,728                              | \$ 3,658        | \$ (91)                                       | \$ (1,308)                                 | \$ 229   | \$ 2,488        |
| Net income   | —                                  | —               | 116   | —  | 12   | 128             |
| Other comprehensive income                             | —                                  | —               | —   | 52   | 2  | 54              |
| Dividends paid to parent                               | —                                  | —               | (37)  | —  | —  | (37)            |
| Contribution from parent                               | —                                  | 7               | —   | —  | —  | 7               |
| Balance, March 31, 2019                                | 2,728                              | 3,665           | (12)  | (1,256)                                    | 243  | 2,640           |
| Net income   | —                                  | —               | 107   | —  | 8  | 115             |
| Other comprehensive loss                               | —                                  | —               | —   | (6)  | (2)  | (8)             |
| Dividends paid to parent                               | —                                  | —               | (38)  | —  | —  | (38)            |
| Contribution from parent                               | —                                  | 7               | —   | —  | —  | 7               |
| Dividends declared to noncontrolling<br>interests      | —                                  | —               | —   | —  | (40)   | (40)            |
| Balance, June 30, 2019                                 | 2,728                              | 3,672           | 57  | (1,262)                                    | 209  | 2,676           |
| Net income   | —                                  | —               | 27  | —  | 11   | 38              |
| Other comprehensive (loss) income                      | —                                  | —               | —   | (39)                                       | 9  | (30)            |
| Acquisition of noncontrolling<br>interests, net of tax | —                                  | (6)             | —   | —  | (73)   | (79)            |
| Dividends paid to parent                               | —                                  | —               | (37)  | —  | —  | (37)            |
| Contribution from parent                               | —                                  | 7               | —   | —  | —  | 7               |
| Balance, September 30, 2019                            | <u>2,728</u>                       | <u>\$ 3,673</u> | <u>\$ 47</u>                                  | <u>\$ (1,301)</u>                          | <u>\$ 156</u>                                  | <u>\$ 2,575</u> |

(Continued)

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (Continued)**  
(In Millions, Except Unit Amounts)

|  | Huntsman International LLC Members |          |   | Noncontrolling interests in subsidiaries | Total equity |                                      |
|--|------------------------------------|----------|---|--|--------------|--------------------------------------|
|  | Members' equity                    |          | Retained earnings (accumulated deficit) |  |              | Accumulated other comprehensive loss |
|  | Units                              | Amount   |   |  |              |                                      |
| Balance, January 1, 2018   | 2,728                              | \$ 3,616 | \$ (270)                                | \$ (1,263)                               | \$ 751       | \$ 2,834                             |
| Cumulative effect of changes in fair value of equity investments | —                                  | —        | 10                                      | (10)                                     | —            | —                                    |
| Net income   | —                                  | —        | 271                                     | —  | 76           | 347                                  |
| Other comprehensive income                                       | —                                  | —        | —                                       | 82                                       | 23           | 105                                  |
| Dividends paid to parent   | —                                  | —        | (39)                                    | —  | —            | (39)                                 |
| Contribution from parent   | —                                  | 7        | —                                       | —  | —            | 7                                    |
| Disposition of a portion of Venator                              | —                                  | 18       | —                                       | —  | —            | 18                                   |
| Costs of secondary offering of Venator                           | —                                  | (2)      | —                                       | —  | —            | (2)                                  |
| Noncontrolling interest from partial disposal of Venator         | —                                  | —        | —                                       | —  | 27           | 27                                   |
| Dividends paid to noncontrolling interests                       | —                                  | —        | —                                       | —  | (18)         | (18)                                 |
| Balance, March 31, 2018  | 2,728                              | 3,639    | (28)                                    | (1,191)                                  | 859          | 3,279                                |
| Net income   | —                                  | —        | 411                                     | —  | 209          | 620                                  |
| Other comprehensive loss   | —                                  | —        | —                                       | (131)                                    | (49)         | (180)                                |
| Dividends paid to parent   | —                                  | —        | (39)                                    | —  | —            | (39)                                 |
| Contribution from parent   | —                                  | 7        | —                                       | —  | —            | 7                                    |
| Dividends paid to noncontrolling interests                       | —                                  | —        | —                                       | —  | (13)         | (13)                                 |
| Balance, June 30, 2018   | 2,728                              | 3,646    | 344                                     | (1,322)                                  | 1,006        | 3,674                                |
| Net (loss) income  | —                                  | —        | (14)                                    | —  | 3            | (11)                                 |
| Other comprehensive loss   | —                                  | —        | —                                       | (24)                                     | (1)          | (25)                                 |
| Dividends paid to parent   | —                                  | —        | (39)                                    | —  | —            | (39)                                 |
| Contribution from parent   | —                                  | 7        | —                                       | —  | —            | 7                                    |
| Dividends paid to noncontrolling interests                       | —                                  | —        | —                                       | —  | (2)          | (2)                                  |
| Balance, September 30, 2018                                      | 2,728                              | \$ 3,653 | \$ 291                                  | \$ (1,346)                               | \$ 1,006     | \$ 3,604                             |

See accompanying notes to condensed consolidated financial statements.

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

|   | Nine months<br>ended<br>September 30, |              |
|---|---------------------------------------|--------------|
|   | 2019                                  | 2018         |
| <b>Operating Activities:</b>  |                                       |              |
| Net income  | \$ 281                                | \$ 956       |
| Less: Income from discontinued operations, net of tax   | (126)                                 | (337)        |
| Income from continuing operations   | 155                                   | 619          |
| Adjustments to reconcile income from continuing operations to net cash provided by operating activities from continuing operations: |                                       |              |
| Equity in income of investment in unconsolidated affiliates   | (41)                                  | (45)         |
| Unrealized gains on fair value adjustments to Venator investment  | 91                                    | —            |
| Cash received from return on investment in unconsolidated subsidiary  | 17                                    | —            |
| Depreciation and amortization   | 201                                   | 184          |
| Noncash lease expense   | 41                                    | —            |
| (Gain) loss on disposal of businesses/assets, net   | (49)                                  | 2            |
| Loss on early extinguishment of debt  | 23                                    | 3            |
| Noncash interest expense  | 15                                    | 17           |
| Noncash restructuring and impairment charges  | 3                                     | 2            |
| Deferred income taxes   | 63                                    | (134)        |
| Noncash loss on foreign currency transactions   | 3                                     | 3            |
| Noncash compensation  | 21                                    | 21           |
| Other, net  | 6                                     | 7            |
| Changes in operating assets and liabilities:  |                                       |              |
| Accounts and notes receivable   | 69                                    | (136)        |
| Inventories   | 19                                    | (158)        |
| Prepaid expenses  | 5                                     | —            |
| Other current assets  | 24                                    | 8            |
| Other noncurrent assets   | (73)                                  | (34)         |
| Accounts payable  | (28)                                  | 36           |
| Accrued liabilities   | (57)                                  | (6)          |
| Other noncurrent liabilities  | (84)                                  | 43           |
| <b>Net cash provided by operating activities from continuing operations</b>   | <b>424</b>                            | <b>432</b>   |
| <b>Net cash provided by operating activities from discontinued operations</b>   | <b>222</b>                            | <b>488</b>   |
| <b>Net cash provided by operating activities</b>  | <b>646</b>                            | <b>920</b>   |
| <b>Investing Activities:</b>  |                                       |              |
| Capital expenditures  | (181)                                 | (148)        |
| Proceeds from sale of businesses/assets   | 49                                    | —            |
| Acquisition of a business, net of cash acquired   | —                                     | (366)        |
| Increase in receivable from affiliate   | (3)                                   | (19)         |
| Cash received from forward swap contract related to the sale of investment in Venator   | 16                                    | —            |
| Other, net  | 6                                     | —            |
| <b>Net cash used in investing activities from continuing operations</b>   | <b>(113)</b>                          | <b>(533)</b> |
| <b>Net cash used in investing activities from discontinued operations</b>   | <b>(31)</b>                           | <b>(297)</b> |
| <b>Net cash used in investing activities</b>  | <b>(144)</b>                          | <b>(830)</b> |

(Continued)



**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**  
(In Millions)

|  | Nine months<br>ended<br>September 30, |               |
|--|---------------------------------------|---------------|
|  | 2019                                  | 2018          |
| <b>Financing Activities:</b>   |                                       |               |
| Net borrowings on revolving loan facilities  | \$ (104)                              | \$ 265        |
| Repayments of long-term debt   | (662)                                 | (59)          |
| Proceeds from issuance of long-term debt   | 742                                   | —             |
| Repayments of short-term debt  | —                                     | (6)           |
| Borrowings on short-term debt  | 101                                   | 6             |
| Repayments of notes payable to affiliate   | (197)                                 | (154)         |
| Repayments of notes payable  | (21)                                  | (24)          |
| Debt issuance costs paid   | (7)                                   | (4)           |
| Costs of early extinguishment of debt  | (21)                                  | —             |
| Dividends paid to parent   | (112)                                 | (117)         |
| Dividends paid to noncontrolling interests   | (40)                                  | (33)          |
| Cash paid for noncontrolling interest  | (100)                                 | —             |
| Proceeds from the secondary offering of Venator  | —                                     | 44            |
| Cash paid for expenses of the secondary offering of Venator                                    | —                                     | (2)           |
| Other  | 1                                     | 1             |
| <b>Net cash used in financing activities</b>   | <b>(420)</b>                          | <b>(83)</b>   |
| <b>Effect of exchange rate changes on cash</b>   | <b>(5)</b>                            | <b>(28)</b>   |
| Increase in cash, cash equivalents and restricted cash   | 77                                    | (21)          |
| Cash, cash equivalents and restricted cash from continuing operations at beginning of period   | 340                                   | 479           |
| Cash, cash equivalents and restricted cash from discontinued operations at beginning of period | —                                     | 238           |
| Cash, cash equivalents and restricted cash at end of period                                    | <u>\$ 417</u>                         | <u>\$ 696</u> |
| <b>Supplemental cash flow information:</b>   |                                       |               |
| Cash paid for interest   | \$ 65                                 | \$ 114        |
| Cash paid for income taxes   | 102                                   | 145           |

As September 30, 2019 and 2018, the amount of capital expenditures in accounts payable was \$8 million and \$26 million, respectively. During both of the nine months ended September 30, 2019 and 2018, Huntsman Corporation contributed \$21 million related to stock-based compensation for continuing operations. In addition, as of September 30, 2018, the amount of cash interest and cash income taxes included in our supplemental cash flow information related to cash paid for interest and cash paid for income taxes that was paid by Venator after the initial public offering date was \$41 million and \$28 million, respectively.

See accompanying notes to condensed consolidated financial statements.

**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,” “Huntsman,” “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).

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, 2018 for our Company and Huntsman International.

**Description of Business**

We are a global manufacturer of differentiated organic 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, coatings and construction, 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 and dyes.

We operate in four segments: Polyurethanes, Performance Products, Advanced Materials and Textile Effects. In August 2017, we separated our Titanium Dioxide and Performance Additives business (the “P&A Business”) through an initial public offering (“IPO”) of ordinary shares of Venator Materials PLC (“Venator”), formerly a wholly-owned subsidiary. Beginning in the third quarter of 2017, we reported the results of operations of Venator as discontinued operations. On December 3, 2018, we sold an additional 4% of Venator ordinary shares which allowed us to immediately deconsolidate Venator and account for our remaining ownership interest in Venator as an equity method investment using the fair value option. For more information, see “Note 4. Discontinued Operations and Business Disposition—Separation and Deconsolidation of Venator.” On August 7, 2019, we entered into an agreement to sell our chemical intermediates businesses, which includes PO/MTBE, and our surfactants businesses (collectively, our “Chemical Intermediates Businesses”), and, beginning in the third quarter of 2019, we reported the results of our Chemical Intermediates Businesses as discontinued operations. For more information, see “Note 4. Discontinued Operations and Business Dispositions—Sale of Chemical Intermediates Businesses.” In a series of transactions beginning in 2006, we sold or shut down substantially all of our Australian styrenics operations and our North American polymers and base chemicals operations. We also report the results of operations 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. Since then, we have grown through a series of significant 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.

## **Reclassifications**

Certain amounts in the condensed consolidated financial statements for prior periods have been recasted for all periods presented to conform with the current presentation. These reclassifications were to record the assets and liabilities of our Chemical Intermediates Businesses as held for sale and its results of operations as discontinued operations. See “—Recent Developments” below as well as “Note 4. Discontinued Operations and Business Dispositions—Sale of Chemical Intermediates Businesses.”

## **Recent Developments**

### **Sale of Chemical Intermediates Businesses**

On August 7, 2019, we entered into an agreement with Indorama Ventures Holdings L.P. (“Indorama”) to sell our Chemical Intermediates Businesses, for a purchase price of \$2.0 billion in cash plus up to approximately \$76 million in net underfunded pension and other post-employment benefit liabilities. The purchase price is subject to certain closing and post-closing working capital and net indebtedness adjustments. We expect this transaction to close in early 2020. For more information, see “Note 4. Discontinued Operations and Business Dispositions—Sale of Chemical Intermediates Businesses.”

### **Acquisition of Remaining Interest in Sasol-Huntsman Joint Venture**

On September 30, 2019, we acquired from Sasol, our joint venture partner, the 50% noncontrolling interest that we did not own in the Sasol-Huntsman maleic anhydride joint venture. The joint venture owns a manufacturing facility in Moers, Germany with capacity to produce 230 million pounds of maleic anhydride. We paid Sasol \$100 million, which included acquired cash, net of any debt, and is subject to customary post-closing adjustments. The purchase price was funded from a new 364-day term loan facility. See “Note 8. Debt—Direct and Subsidiary Debt—Term Loan Credit Facility.”

### **Sale of Property in Basel, Switzerland**

In September 2011, we initiated a restructuring program in our Textile Effects segment to close its production facilities and business support offices in Basel, Switzerland. In July 2019, we sold the production facilities and business support offices in Basel. Accordingly, during the third quarter of 2019, we received proceeds of \$49 million related to this sale and recognized a corresponding gain on disposal of assets of \$49 million.

### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets 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 2019**

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)*. The amendments in this ASU increase transparency and comparability among entities by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in this ASU 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. In January 2018, the FASB issued ASU No. 2018-01, *Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842*, providing an optional transition practical expedient to not evaluate under Topic 842 existing or expired land easements that were not previously accounted for as leases under the current leases guidance in Topic 840, and in July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*, providing an optional transition method allowing entities to initially apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The amendments in these ASUs are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Reporting entities can elect to recognize and measure leases under these amendments at the beginning of the earliest period presented using a modified retrospective approach or otherwise elect the transition method provided under ASU No. 2018-11. On January 1, 2019, we adopted the amendments in these ASUs using the transition method that allowed us to initially apply the new lease standard at the adoption date. The initial adoption of the new lease standard had a material impact on our condensed consolidated balance sheets, but did not have an impact on our condensed consolidated statements of operations. The most significant impact was the recognition of operating lease liabilities and operating lease right-of-use assets. On January 1, 2019, we recognized operating lease liabilities of \$495 million and operating lease right-of-use assets of \$466 million. As a result of the adoption of these amendments, we revised our accounting policy for leases as detailed in “Note 7. Leases.”

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*. The amendments in this ASU better align an entity’s risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships as well as the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements to increase the understandability of the results of an entity’s intended hedging strategies. The amendments in this ASU also include certain targeted improvements to ease the application of current guidance related to the assessment of hedge effectiveness. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Transition requirements and elections should be applied to hedging relationships existing on the date of adoption. For cash flow and net investment hedges, an entity should apply a cumulative-effect adjustment related to eliminating the separate measurement of ineffectiveness, and the amended presentation and disclosure guidance is required only prospectively. We adopted the amendments in this ASU effective January 1, 2019, and the initial adoption of this ASU did not have a significant impact on our condensed consolidated financial statements.

In August 2018, the SEC issued a final rule, SEC Final Rule Release No. 33-10532, *Disclosure Update and Simplification*, that amends certain of its disclosure requirements that have become redundant, duplicative, overlapping, outdated or superseded, in light of other SEC disclosure requirements or U.S. GAAP. For filings on Form 10-Q, the final

rule, amongst other items, extends to interim periods the annual requirement to disclose changes in stockholders' equity. As amended by the final rule, registrants must now analyze changes in stockholders' equity, in the form of a reconciliation, for the then current and comparative year-to-date interim periods, with subtotals for each interim period. The final rule became effective on November 5, 2018, that date being 30 days after its publication in the Federal Register. We applied these changes in the presentation of stockholders' equity beginning in the first quarter of 2019.

#### **Accounting Pronouncements Pending Adoption in Future Periods**

In August 2018, the FASB issued ASU No. 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*. The amendments in this ASU modify certain disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans by removing disclosures that no longer are considered cost beneficial, clarifying the specific requirements of disclosures and adding disclosure requirements identified as relevant. The amendments in this ASU are effective for fiscal years ending after December 15, 2020 and should be applied on a retrospective basis to all periods presented. Early adoption is permitted. We do not expect the adoption of the amendments in this ASU to have a significant impact on our condensed consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. The amendments in this ASU align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The amendments in this ASU are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted in any interim period after the issuance of this ASU. We do not expect the adoption of the amendments in this ASU to have a significant impact on our condensed consolidated financial statements.

### **3. BUSINESS COMBINATION AND ACQUISITIONS**

#### **Acquisition of Demilec**

On April 23, 2018, we acquired 100% of the outstanding equity interests of Demilec (USA) Inc. and Demilec Inc. (collectively, "Demilec") for approximately \$353 million, including working capital adjustments, in an all-cash transaction ("Demilec Acquisition"), which was funded from our previous \$650 million senior secured revolving credit facility (the "Prior Credit Facility") and our U.S. accounts receivable securitization program ("U.S. A/R Program"). Demilec is a leading North American manufacturer and distributor of spray polyurethane foam formulations for residential and commercial applications. The acquired business was integrated into our Polyurethanes segment. Transaction costs charged to expense related to this acquisition were approximately \$3 million for the nine months ended September 30, 2018. The Demilec Acquisition was aligned with our stated strategy to grow our downstream polyurethanes business and leverage our global platform to expand Demilec's portfolio of spray polyurethane foam formulations into international markets.

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

| <b>Fair value of assets acquired and liabilities assumed:</b> |               |
|---|---------------|
| Cash paid for the Demilec Acquisition in Q2 2018              | \$ 357        |
| Purchase price adjustment received in Q3 2018                 | (4)           |
| Net acquisition cost  | <u>\$ 353</u> |
|   |               |
| Cash  | \$ 1          |
| Accounts receivable   | 31            |
| Inventories   | 23            |
| Prepaid expenses and other current assets                     | 1             |
| Property, plant and equipment, net                            | 21            |
| Intangible assets   | 177           |
| Goodwill  | 140           |
| Accounts payable  | (16)          |
| Accrued liabilities   | (3)           |
| Deferred income taxes   | (22)          |
| Other noncurrent liabilities                                  | —             |
| <b>Total fair value of net assets acquired</b>                | <u>\$ 353</u> |

As a result of a preliminary valuation of the assets and liabilities, reallocations were made during 2018 in certain property, plant and equipment, intangible asset, goodwill and deferred tax balances. As a result of the finalization of the valuation of the assets and liabilities, additional reallocations were made in 2019 in certain goodwill, other noncurrent liabilities and deferred tax balances. Intangible assets acquired consist primarily of trademarks, trade secrets and customer relationships, all of which are being amortized over 15 years. We have assigned any excess of the acquisition cost of the fair values to goodwill. During the third quarter of 2018, we received \$4 million related to the settlement of certain purchase price adjustments. The goodwill recognized is attributable primarily to projected future profitable growth, penetration into downstream markets and synergies.

If this acquisition were to have occurred on January 1, 2018, the following estimated pro forma revenues, net income, net income attributable to Huntsman Corporation and Huntsman International and income per share for Huntsman Corporation would have been reported (dollars in millions):

|   | <b>Pro Forma (Unaudited)</b> |       |
|---|------------------------------|-------|
|   | <b>Nine months ended</b>     |       |
|   | <b>September 30, 2018</b>    |       |
| Revenues  | \$                           | 5,841 |
| Net income  |                              | 954   |
| Net income attributable to Huntsman Corporation   |                              | 666   |
|   |                              |       |
| Income per share:                                 |                              |       |
| Basic   |                              | 2.79  |
| Diluted   |                              | 2.74  |
|   |                              |       |
|   | <b>Pro Forma (Unaudited)</b> |       |
|   | <b>Nine months ended</b>     |       |
|   | <b>September 30, 2018</b>    |       |
| Revenues  | \$                           | 5,841 |
| Net income  |                              | 945   |
| Net income attributable to Huntsman International |                              | 657   |

**Acquisition of Remaining Interest in Sasol-Huntsman Joint Venture**

On September 30, 2019, we acquired from Sasol, our joint venture partner, the 50% noncontrolling interest that we did not own in the Sasol-Huntsman maleic anhydride joint venture. We paid Sasol \$100 million, which included acquired cash, net of any debt, and is subject to customary post-closing adjustments. The purchase price was funded from a new 364-day term loan facility. See “Note 8. Debt—Direct and Subsidiary Debt—Term Loan Credit Facility.” In connection with this acquisition, we recorded an adjustment to additional paid-in capital, net of tax, of \$6 million. Prior to acquiring the 50% noncontrolling interest that we did not own, we accounted for Sasol-Huntsman as a variable interest entity. See “Note 6. Variable Interest Entities.”

The effects of changes in our ownership interest in Sasol-Huntsman on the equity attributable to Huntsman Corporation and Huntsman International are as follows (dollars in millions):

|   | Nine months<br>ended<br>September 30, |               |
|---|---------------------------------------|---------------|
|   | 2019                                  | 2018          |
| Net income attributable to Huntsman Corporation shareholders  | \$ 259                                | \$ 677        |
| Decrease in Huntsman Corporation’s paid-in capital for purchase of 50% interest in Sasol-Huntsman                   | (6)                                   | —             |
| Net transfers to noncontrolling interest  | (6)                                   | —             |
| Change from net income attributable to Huntsman Corporation shareholders and transfers to noncontrolling interest   | <u>\$ 253</u>                         | <u>\$ 677</u> |
|   | Nine months<br>ended<br>September 30, |               |
|   | 2019                                  | 2018          |
| Net income attributable to Huntsman International shareholders  | \$ 250                                | \$ 668        |
| Decrease in Huntsman International’s paid-in capital for purchase of 50% interest in Sasol-Huntsman                 | (6)                                   | —             |
| Net transfers to noncontrolling interest  | (6)                                   | —             |
| Change from net income attributable to Huntsman International shareholders and transfers to noncontrolling interest | <u>\$ 244</u>                         | <u>\$ 668</u> |

**4. DISCONTINUED OPERATIONS AND BUSINESS DISPOSITIONS**

**Sale of Chemical Intermediates Businesses**

On August 7, 2019 we entered into an agreement with Indorama to sell our Chemical Intermediates Businesses for a purchase price of \$2.0 billion in cash plus up to approximately \$76 million in net underfunded pension and other post-employment benefit liabilities. The purchase price is subject to certain closing and post-closing working capital and net indebtedness adjustments. We expect this transaction to close in early 2020. Beginning in the third quarter of 2019, we reported the Chemical Intermediates Businesses as held for sale and reported its results of operations as discontinued operations. Additionally, certain amounts for prior periods have been recasted for all periods presented.

The following table reconciles the carrying amounts of major classes of assets and liabilities of discontinued operations to total assets and liabilities of discontinued operations that are classified as held for sale in our condensed consolidated balance sheets (dollars in millions):

|  | September 30,<br>2019 | December 31,<br>2018 |
|--|-----------------------|----------------------|
| <b>Carrying amounts of major classes of assets held for sale:</b>      |                       |                      |
| Accounts receivable  | \$ 73                 | \$ 89                |
| Inventories  | 107                   | 134                  |
| Other current assets   | 1                     | 9                    |
| <b>Total current assets</b>  |                       | <b>232</b>           |
| Property, plant and equipment, net                                     | 690                   | 711                  |
| Operating lease right-of-use assets                                    | 76                    | —                    |
| Other noncurrent assets  | 161                   | 166                  |
| <b>Total noncurrent assets</b>   |                       | <b>877</b>           |
| <b>Total assets held for sale(1)</b>                                   | <b>\$ 1,108</b>       | <b>\$ 1,109</b>      |
| <b>Carrying amounts of major classes of liabilities held for sale:</b> |                       |                      |
| Accounts payable   | \$ 142                | \$ 168               |
| Accrued liabilities  | 47                    | 57                   |
| Current operating lease liabilities                                    | 21                    | —                    |
| <b>Total current liabilities</b>                                       |                       | <b>225</b>           |
| Deferred income taxes  | 171                   | 159                  |
| Noncurrent operating lease liabilities                                 | 57                    | —                    |
| Other noncurrent liabilities   | 148                   | 124                  |
| <b>Total noncurrent liabilities</b>                                    |                       | <b>283</b>           |
| <b>Total liabilities held for sale(1)</b>                              | <b>\$ 586</b>         | <b>\$ 508</b>        |

- (1) The assets and liabilities held for sale are classified as current as of September 30, 2019 because it is probable that the sale of our Chemical Intermediates Businesses will close within a year.

The following table reconciles major line items constituting pretax income of discontinued operations to after-tax income (loss) of discontinued operations as presented in our condensed consolidated statements of operations (dollars in millions):

|   | Three months<br>ended<br>September 30, |                 | Nine months<br>ended<br>September 30, |               |
|---|--|-----------------|---------------------------------------|---------------|
|   | 2019                                   | 2018            | 2019                                  | 2018          |
| <b>Major line items constituting pretax income of discontinued operations(1):</b> |  |                 |                                       |               |
| Trade sales, services and fees, net(2)  | \$ 400                                 | \$ 1,015        | \$ 1,183                              | \$ 3,156      |
| Cost of goods sold(2)   | 292                                    | 857             | 976                                   | 2,185         |
| Other expense items, net that are not major                                       | 15                                     | 134             | 37                                    | 269           |
| <b>Income from discontinued operations before income taxes</b>                    | <b>93</b>                              | <b>24</b>       | <b>170</b>                            | <b>702</b>    |
| Income tax (expense) benefit  | (25)                                   | 41              | (44)                                  | (95)          |
| Valuation allowance   | —                                      | (270)           | —                                     | (270)         |
| <b>Income (loss) from discontinued operations, net of tax</b>                     | <b>68</b>                              | <b>(205)</b>    | <b>126</b>                            | <b>337</b>    |
| Net income attributable to noncontrolling interests                               | —                                      | (2)             | —                                     | (6)           |
| <b>Net income (loss) attributable to discontinued operations</b>                  | <b>\$ 68</b>                           | <b>\$ (207)</b> | <b>\$ 126</b>                         | <b>\$ 331</b> |

- (1) Discontinued operations include our Chemical Intermediates Businesses, our Australian styrenics operations and our North American polymers and base chemicals operations for all periods presented. In addition, the three and nine months ended September 30, 2018 also include the results of Venator. Beginning in the fourth quarter of 2018, Venator was no longer accounted for as discontinued operations.



(2) Includes eliminations of trade sales, services and fees, net and cost of sales between continuing operations and discontinued operations.

#### Separation and Deconsolidation of Venator

In August 2017, we separated the P&A Business and conducted an IPO of ordinary shares of Venator, formerly a wholly-owned subsidiary of Huntsman. Additionally, in December 2017, we conducted a secondary offering of Venator ordinary shares. All of such ordinary shares were sold by Huntsman, and Venator did not receive any proceeds from the offerings.

On January 3, 2018, the underwriters purchased an additional 1,948,955 Venator ordinary shares pursuant to their over-allotment option, which reduced Huntsman's ownership interest in Venator to approximately 53%. Beginning in the third quarter of 2017, we reported the results of operations of Venator as discontinued operations.

On December 3, 2018, we sold an aggregate of 4,334,389, or 4%, of Venator ordinary shares to Bank of America N.A. at a price determined based on the average of the daily volume weighted average price of Venator ordinary shares over an agreed period (the "Forward Swap"). Over this agreed period, we received aggregate proceeds of \$19 million, \$16 million of which was received in the first quarter of 2019. Following this transaction, we retained approximately 49% ownership in Venator and this transaction allowed us to deconsolidate Venator beginning in December 2018, and thus we began accounting for our remaining interest in Venator as an equity method investment and elected the fair value option to account for our equity method investment in Venator.

Although we intend to monetize our remaining 49% ownership in Venator, our ability to sell our ordinary shares of Venator at a reasonable price is dependent upon the prevailing market value of Venator common stock. The depressed Venator stock price inhibits our ability to sell our remaining shares of Venator at a reasonable price, which could continue for more than twelve months. Therefore, in December 2018, our equity method investment in Venator did not meet the held for sale criteria and our equity method investment in Venator was recorded in continuing operations.

During the first quarter of 2019, we recorded a gain of \$1 million to record the Forward Swap at fair value. Additionally, for the three and nine months ended September 30, 2019, we recorded a loss of \$148 million and \$91 million, respectively, to record our investment in Venator at fair value. These gains and losses were recorded in "Fair value adjustments to Venator investment" on our condensed consolidated statements of operations.

#### 5. 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,<br>2019 | December 31,<br>2018 |
|----------------------------|-----------------------|----------------------|
| Raw materials and supplies | \$ 191                | \$ 191               |
| Work in progress           | 58                    | 51                   |
| Finished goods             | 745                   | 798                  |
| <b>Total</b>               | 994                   | 1,040                |
| LIFO reserves              | (33)                  | (40)                 |
| <b>Net inventories</b>     | <u>\$ 961</u>         | <u>\$ 1,000</u>      |

For September 30, 2019 and December 31, 2018, approximately 8% and 6%, of inventories were recorded using the LIFO cost method, respectively.

## 6. 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 Lanxess 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.
- 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 was our 50%-owned joint venture with Sasol that owns and operates a maleic anhydride facility in Moers, Germany. Sasol-Huntsman manufactures products for our Performance Products segment. Sasol-Huntsman uses our technology and expertise, and at the time of the last reconsideration event, we took on a disproportionate amount of risk of loss due to a related-party loan to Sasol-Huntsman for which we assumed the default risk. On September 30, 2019, we acquired the 50% noncontrolling interest that we did not own in the Sasol-Huntsman maleic anhydride joint venture. As such, as of September 30, 2019, this joint venture was no longer accounted for as a variable interest entity. See "Note 3. Business Combination and Acquisitions."

Creditors of these entities have no recourse to our general credit. See "Note 8. Debt—Direct and Subsidiary Debt." As the primary beneficiary of these variable interest entities at September 30, 2019, 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 sheet as of September 30, 2019 and our consolidated balance sheet as of December 31, 2018 (dollars in millions):

|  | September 30,<br>2019(1) | December 31,<br>2018 |
|--|--------------------------|----------------------|
| Current assets                         | \$ 51                    | \$ 92                |
| Property, plant and equipment, net     | 199                      | 265                  |
| Operating lease right-of-use assets    | 17                       | —                    |
| Other noncurrent assets                | 122                      | 136                  |
| Deferred income taxes                  | 32                       | 32                   |
| Intangible assets                      | —                        | 10                   |
| Goodwill                               | —                        | 14                   |
| Total assets                           | <u>\$ 421</u>            | <u>\$ 549</u>        |
| Current liabilities                    | \$ 135                   | \$ 178               |
| Long-term debt                         | 42                       | 61                   |
| Deferred income taxes                  | —                        | 11                   |
| Noncurrent operating lease liabilities | 13                       | —                    |
| Other noncurrent liabilities           | 88                       | 97                   |
| Total liabilities                      | <u>\$ 278</u>            | <u>\$ 347</u>        |

(1) As of September 30, 2019, Sasol-Huntsman was no longer accounted for as a variable interest entity.

The revenues, income from continuing operations before income taxes and net cash provided by operating activities for our variable interest entities for the three and nine months ended September 30, 2019 and 2018 are as follows (dollars in millions):

|   | Three months ended<br>September 30, |       | Nine months ended<br>September 30, |        |
|---|-------------------------------------|-------|------------------------------------|--------|
|   | 2019                                | 2018  | 2019                               | 2018   |
| Revenues  | \$ 28                               | \$ 39 | \$ 95                              | \$ 116 |
| Income from continuing operations before income taxes | 3                                   | 8     | 16                                 | 27     |
| Net cash provided by operating activities             | 12                                  | 21    | 72                                 | 50     |

## 7. LEASES

On January 1, 2019, we adopted the new lease standard using the optional transition method provided under ASU No. 2018-11, which allowed us to initially apply the amendments of the new lease standard at the adoption date. Upon adoption of the new lease standard, we elected the package of three practical expedient permitted under the transition guidance within the new lease standard, which among other things, allowed us to carry forward the historical lease classification on existing leases at adoption. In addition, we elected the practical expedient related to land easements, which allowed us to carry forward our accounting treatment for land easements on existing agreements. We also elected the hindsight practical expedient to determine the lease term for existing leases.

The determination of whether a contract is or contains a lease is performed at the lease inception date. Lease right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term, using incremental borrowing rates as the implicit rates are not readily determinable for our leases. The incremental borrowing rates are determined on a collateralized basis and vary from lease to lease depending on the country where the leased asset exists and the term of the lease arrangement. We combine lease components with non-lease components and account for them as a single lease component for all classes of underlying assets, except for leases of manufacturing and research facilities and administrative offices. For these assets, non-lease components are separated from lease components and accounted for as normal operating expenses.

We primarily lease manufacturing and research facilities, administrative offices, land, tanks, railcars and equipment. Leases with an initial term of 12 months or less are not recognized on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term. Our variable lease cost was nil for the both the three and nine months ended September 30, 2019. Our leases have remaining lives from one month to 38 years. Certain lease agreements include one or more options to renew, at our discretion, with renewal terms that can extend the lease term by approximately one year to 30 years or more. Renewal and termination options that we are reasonably certain to exercise have been included in the calculation of the lease right-of-use assets and lease liabilities. None of our lease agreements contain material residual value guarantees or material restrictions or covenants.

The components of operating lease expense, cash flows and supplemental noncash information from continuing operations are as follows (dollars in millions):

|  | Three months ended<br>September 30, 2019 | Nine months ended<br>September 30, 2019 |
|--|--|---|
| <b>Operating lease expense:</b>  |  |   |
| Cost of goods sold   | \$ 8                                     | \$ 27                                   |
| Selling, general and administrative  | 5  | 10                                      |
| Research and development   | 1  | 4                                       |
| Total operating lease expense(1)   | \$ 14                                    | \$ 41                                   |
| <b>Cash paid for amounts included in the measurement of lease liabilities:</b> |  |   |
| Operating cash flows from operating leases                                     | \$ 15                                    | \$ 39                                   |
| <b>Supplemental noncash information:</b>                                       |  |   |
| Leased assets obtained in exchange for new operating lease liabilities         | \$ 1                                     | \$ 387                                  |

(1) Total operating lease expense includes short-term lease expense of approximately nil and \$1 million for the three and nine months ended September 30, 2019, respectively.

The weighted-average lease term and discount rate for our operating leases from continuing operations are as follows:

|                                       |          |
|---------------------------------------|----------|
| Weighted-average remaining lease term | 11 years |
| Weighted-average discount rate        | 4.3%     |

The undiscounted cash flows of operating lease liabilities from continuing operations as of September 30, 2019 are as follows (dollars in millions):

| <b>Year ending December 31,</b>                           |               |
|---|---------------|
| 2019 (excluding the nine months ended September 30, 2019) | \$ 12         |
| 2020  | 51            |
| 2021  | 51            |
| 2022  | 45            |
| 2023  | 42            |
| Thereafter  | 284           |
| Total lease payments                                      | 485           |
| Less imputed interest                                     | (99)          |
| Total   | <u>\$ 386</u> |

Future minimum lease payments under operating leases from continuing operations as of December 31, 2018 are as follows (dollars in millions):

| <b>Year ending December 31,</b> |               |
|---------------------------------|---------------|
| 2019                            | \$ 37         |
| 2020                            | 33            |
| 2021                            | 36            |
| 2022                            | 34            |
| 2023                            | 32            |
| Thereafter                      | 224           |
|                                 | <u>\$ 396</u> |

As of September 30, 2019, we have additional leases, primarily for leases of manufacturing facilities, that have not yet commenced of approximately \$42 million. These leases will commence beginning in 2019 through 2021 with lease terms of up to 20 years.

## 8. DEBT

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

### Huntsman Corporation

|  | September 30,<br>2019 | December 31,<br>2018 |
|--|-----------------------|----------------------|
| Senior Credit Facilities:              |                       |                      |
| Revolving facility                     | \$ —                  | \$ 50                |
| Amounts outstanding under A/R programs | 197                   | 252                  |
| Term loan                              | 101                   | —                    |
| Senior notes                           | 1,947                 | 1,892                |
| Variable interest entities             | 72                    | 86                   |
| Other                                  | 19                    | 40                   |
| Total debt                             | <u>\$ 2,336</u>       | <u>\$ 2,320</u>      |
| Total current portion of debt          | <u>\$ 132</u>         | <u>\$ 96</u>         |
| Long-term portion of debt              | 2,204                 | 2,224                |
| Total debt                             | <u>\$ 2,336</u>       | <u>\$ 2,320</u>      |

**Huntsman International**

|  | September 30,<br>2019 | December 31,<br>2018 |
|--|-----------------------|----------------------|
| <b>Senior Credit Facilities:</b>         |                       |                      |
| Revolving facility                       | \$ —                  | \$ 50                |
| Amounts outstanding under A/R programs   | 197                   | 252                  |
| Term loan                                | 101                   | —                    |
| Senior notes                             | 1,947                 | 1,892                |
| Variable interest entities               | 72                    | 86                   |
| Other                                    | 19                    | 40                   |
| Total debt, excluding debt to affiliates | \$ 2,336              | \$ 2,320             |
| Total current portion of debt            | \$ 132                | \$ 96                |
| Long-term portion of debt                | 2,204                 | 2,224                |
| Total debt, excluding debt to affiliates | \$ 2,336              | \$ 2,320             |
| Notes payable to affiliates-current      | 100                   | 100                  |
| Notes payable to affiliates-noncurrent   | 291                   | 488                  |
| Total debt                               | \$ 2,727              | \$ 2,908             |

**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 have third-party debt agreements that 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 to the face amount of that debt liability. As of September 30, 2019 and December 31, 2018, the amount of debt issuance costs directly reducing the debt liability was \$12 million and \$8 million, respectively. We record the amortization of debt issuance costs as interest expense.

**Revolving Credit Facility**

On May 21, 2018, Huntsman International entered into a new \$1.2 billion senior unsecured revolving credit facility (the "2018 Revolving Credit Facility"). Borrowings under the 2018 Revolving Credit Facility will bear interest at the rates specified in the credit agreement governing the 2018 Revolving Credit Facility, which will vary based on the type of loan and Huntsman International's debt ratings. Unless earlier terminated, the 2018 Revolving Credit Facility will mature in May 2023. Huntsman International may increase the 2018 Revolving Credit Facility commitments up to an additional \$500 million, subject to the satisfaction of certain conditions.

In connection with entering into the 2018 Revolving Credit Facility, Huntsman International terminated all commitments and repaid all obligations under the Prior Credit Facility. In addition, we recognized a loss on early extinguishment of debt of \$3 million. Upon the termination of the Prior Credit Facility, all guarantees of the obligations under the Prior Credit Facility were terminated, and all liens granted under the Prior Credit Facility were released. As of September 30, 2019, our 2018 Revolving Credit Facility was as follows (dollars in millions):

| Facility                       | Committed<br>Amount | Principal<br>Outstanding | Unamortized<br>Discounts and<br>Debt Issuance<br>Costs | Carrying<br>Value | Interest Rate(2)     | Maturity |
|--------------------------------|---------------------|--------------------------|--|-------------------|----------------------|----------|
| 2018 Revolving Credit Facility | \$ 1,200            | \$ — (1)                 | \$ — (1)   | \$ 1,200 (1)      | USD LIBOR plus 1.50% | 2023     |

- (1) On September 30, 2019, we had an additional \$7 million (U.S. dollar equivalents) of letters of credit and bank guarantees issued and outstanding under our 2018 Revolving Credit Facility.
- (2) Interest rates on borrowings under the 2018 Revolving Credit Facility vary based on the type of loan and Huntsman International's debt ratings. The then applicable interest rate as of September 30, 2019 was 1.50% above LIBOR.

#### Term Loan Credit Facility

On September 24, 2019, Huntsman International entered into a new 364-day term loan facility (the "2019 Term Loan"), pursuant to which Huntsman International borrowed an aggregate principal amount of €92 million (or \$101 million equivalent). We used the net proceeds from the 2019 Term Loan to finance our acquisition of the 50% noncontrolling interest that we did not own in the Sasol-Huntsman maleic anhydride joint venture. Borrowings under the 2019 Term Loan will bear interest at an interest rate of EURIBO Rate plus 0.75%, with a EURIBO Rate floor at zero. Unless earlier terminated or prepaid in accordance with the credit agreement governing the 2019 Term Loan, the 2019 Term Loan will mature on September 22, 2020. The 2019 Term Loan is subject to substantially the same terms and conditions as the 2018 Revolving Credit Facility.

#### A/R Programs

Our 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.

On April 18, 2019, we entered into amendments to the EU A/R Program (the "European Amendment") and the U.S. A/R Program (the "U.S. Amendment"). The European Amendment, among other things, extended the scheduled commitment termination date of the loan facility to April 2022, reduced the facility maximum funding availability from €150 million to €100 million and made certain other amendments. The U.S. Amendment, among other things, extended the scheduled commitment termination date of the loan facility to April 2022 and made certain other amendments. Information regarding our A/R Programs as of September 30, 2019 was as follows (monetary amounts in millions):

| Facility         | Maturity   | Maximum Funding Availability(1) | Amount Outstanding      | Interest Rate(2)           |
|------------------|------------|---------------------------------|-------------------------|----------------------------|
| U.S. A/R Program | April 2022 | \$ 250                          | \$ 120 (3)              | Applicable rate plus 0.90% |
| EU A/R Program   | April 2022 | € 100                           | € 70                    | Applicable rate plus 1.30% |
|                  |            | (or approximately \$109)        | (or approximately \$77) |                            |

- (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 USD LIBOR. Applicable rate for our EU A/R Program is either GBP LIBOR, USD LIBOR or EURIBOR.
- (3) As of September 30, 2019, we had approximately \$5 million (U.S. dollar equivalents) of letters of credit issued and outstanding under our U.S. A/R Program.

As of September 30, 2019 and December 31, 2018, \$325 million and \$341 million, respectively, of accounts receivable were pledged as collateral under our A/R Programs.

#### Notes

On March 13, 2019, Huntsman International completed a \$750 million offering of its 4.50% senior notes due 2029 ("2029 Senior Notes"). On March 27, 2019, Huntsman International applied the net proceeds of the offering of the 2029 Senior Notes to redeem in full \$650 million in aggregate principal amount of its 4.875% senior notes due 2020 ("2020 Senior Notes") and also paid associated costs and accrued interest of \$21 million and \$12 million, respectively. In addition, we recognized a loss on early extinguishment of debt of \$23 million.

The 2029 Senior Notes bear interest at 4.50% per year, payable semi-annually on May 1 and November 1, and will mature on May 1, 2029. Huntsman International may redeem the 2029 Senior Notes in whole or in part at any time prior to February 1, 2029 at a price equal to 100% of the principal amount thereof plus a “make-whole” premium and accrued and unpaid interest. Huntsman International may redeem the 2029 Senior Notes at any time, in whole or from time to time in part, on or after February 1, 2029 at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest.

#### **Note Payable from Huntsman International to Huntsman Corporation**

As of September 30, 2019, we had a loan of \$391 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, 2019 on Huntsman International’s condensed consolidated balance sheets. As of September 30, 2019, 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 2018 Revolving Credit Facility).

#### **Compliance with Covenants**

Our 2018 Revolving Credit Facility and 2019 Term Loan contain financial covenant regarding the leverage ratio of Huntsman International and its subsidiaries. The 2018 Revolving Credit Facility and 2019 Term Loan also contains other customary covenants and events of default for credit facilities of this type. Upon an event of default that is not cured or waived within any applicable cure periods, in addition to other remedies that may be available to the lenders, the obligations under the 2018 Revolving Credit Facility and the 2019 Term Loan may be accelerated.

The agreements governing our A/R Programs also contain certain receivable performance metrics. Any material failure to meet the applicable A/R Programs’ metrics 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 2018 Revolving Credit Facility, which could require us to pay off the balance of the 2018 Revolving Credit Facility in full and could result in the loss of our 2018 Revolving Credit Facility.

We believe that we are in compliance with the covenants contained in the agreements governing our material debt instruments, including our 2018 Revolving Credit Facility, our 2019 Term Loan, our A/R Programs and our notes.

### **9. 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. 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.

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.

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 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, 2019, we had approximately \$177 million in notional amount (in U.S. dollar equivalents) outstanding in forward foreign currency contracts.

From time to time, we may purchase interest rate swaps and/or other derivative instruments to reduce the impact of changes in interest rates on our floating-rate exposures. Under interest rate swaps, we agree with other parties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional principal amount. On January 9, 2019, we entered into a six-year \$17 million notional value interest rate hedge with a fixed rate of 2.66%. This swap is designated as a cash flow hedge and the effective portion of the changes in the fair value of the swap is recorded in other comprehensive income. The fair value of this hedge on September 30, 2019 was approximately \$1 million and was recorded in other noncurrent liabilities on our condensed consolidated balance sheets.

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 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 on our condensed consolidated statements of comprehensive income. From time to time, we review such designation of intercompany loans.

We review our non-U.S. dollar denominated debt and derivative instruments to determine the appropriate amounts designated as hedges. As of September 30, 2019, we have designated approximately €480 million (approximately \$525 million) of euro-denominated debt as a hedge of our net investment. For the nine months ended September 30, 2019 and 2018, the amount recognized on the hedge of our net investment was a gain of \$23 million and a gain of \$16 million, respectively, and was recorded in other comprehensive income on our condensed consolidated statements of comprehensive income.

In connection with the December 3, 2018 sale of Venator ordinary shares to Bank of America N.A., we recorded a forward swap. In February 2019, we settled this forward swap and received \$16 million from the counterparty. See "Note 4. Discontinued Operations and Business Dispositions—Separation and Deconsolidation of Venator" and "Note 10. Fair Value."

## 10. FAIR VALUE

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

|  | September 30, 2019 |                      | December 31, 2018 |                      |
|--|--------------------|----------------------|-------------------|----------------------|
|  | Carrying Value     | Estimated Fair Value | Carrying Value    | Estimated Fair Value |
| Non-qualified employee benefit plan investments                    | \$ 25              | \$ 25                | \$ 23             | \$ 23                |
| Forward swap contract related to the sale of investment in Venator | —                  | —                    | 14                | 14                   |
| Interest rate contracts  | (1)                | (1)                  | —                 | —                    |
| Long-term debt (including current portion)                         | (2,336)            | (2,504)              | (2,320)           | (2,403)              |

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. We elected the fair value option to account for our equity method investment in Venator post deconsolidation. The fair value of our remaining investment in Venator reported in investment in unconsolidated affiliates is obtained through market observable pricing using prevailing market prices. See "Note 4. Discontinued Operations and Business Dispositions—Separation and Deconsolidation of Venator." The fair values of non-qualified employee benefit plan investments 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, 2019 and December 31, 2018. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since September 30, 2019, and current estimates of fair value may differ significantly from the amounts presented herein.

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

| Description                                     | September 30,<br>2019 | Fair Value Amounts Using  |  |  |
|---|-----------------------|---|--|--|
|   |                       | Quoted prices<br>in active markets<br>for identical<br>assets (Level 1) | Significant other<br>observable<br>inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |
| <b>Assets:</b>                                  |                       |   |  |  |
| Equity securities:                              |                       |   |  |  |
| Non-qualified employee benefit plan investments | \$ 25                 | \$ 25   | \$ —   | \$ —   |
| <b>Liabilities:</b>                             |                       |   |  |  |
| Derivatives:                                    |                       |   |  |  |
| Interest rate contracts                         | \$ (1)                | \$ —  | \$ (1)   | \$ —   |

| Description   | December 31,<br>2018 | Fair Value Amounts Using  |  |  |
|---|----------------------|---|--|--|
|   |                      | Quoted prices<br>in active markets<br>for identical<br>assets (Level 1) | Significant other<br>observable<br>inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |
| <b>Assets:</b>  |                      |   |  |  |
| Equity securities:  |                      |   |  |  |
| Non-qualified employee benefit plan investments                       | \$ 23                | \$ 23   | \$ —   | \$ —   |
| Derivatives:  |                      |   |  |  |
| Forward swap contract related to the sale of investment in Venator(1) | 14                   | —   | 14   | —  |
|   | \$ 37                | \$ 23   | \$ 14  | \$ —   |

(1) In connection with the December 3, 2018 sale of Venator ordinary shares to Bank of America N.A., we recorded a forward swap. In February 2019, we settled this forward swap and received \$16 million from the counterparty.

During the nine months ended September 30, 2019, there were no instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3), and there were no gains or losses (realized and unrealized) included in earnings for instruments categorized as Level 3 within the fair value hierarchy.

## 11. REVENUE RECOGNITION

We generate substantially all of our revenues through sales in the open market and long-term supply agreements. We recognize revenue when control of the promised goods is transferred to our customers. Control of goods usually passes to the customer at the time shipment is made. Revenue is measured as the amount that reflects the consideration that we expect to be entitled to in exchange for those goods. Sales, value add and other taxes we collect concurrent with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as expense. We have elected to account for all shipping and handling activities as fulfillment costs. We have also elected to expense commissions when incurred as the amortization period of the commission asset that we would have otherwise recognized is less than one year.

The following tables disaggregate our revenue from continuing operations by major source for the three months ended September 30, 2019 and 2018 (dollars in millions):

| <b>2019</b>                                 | <b>Polyurethanes</b> | <b>Performance Products</b> | <b>Advanced Materials</b> | <b>Textile Effects</b> | <b>Corporate and Eliminations</b> | <b>Total</b>    |
|---|----------------------|-----------------------------|---------------------------|------------------------|-----------------------------------|-----------------|
| <b>Primary Geographic Markets(1)</b>        |                      |                             |                           |                        |                                   |                 |
| U.S. and Canada                             | \$ 362               | \$ 132                      | \$ 74                     | \$ 15                  | \$ (19)                           | \$ 564          |
| Europe                                      | 272                  | 74                          | 93                        | 29                     | (2)                               | 466             |
| Asia Pacific                                | 287                  | 60                          | 69                        | 104                    | —                                 | 520             |
| Rest of world                               | 72                   | 15                          | 20                        | 31                     | (1)                               | 137             |
|   | <u>\$ 993</u>        | <u>\$ 281</u>               | <u>\$ 256</u>             | <u>\$ 179</u>          | <u>\$ (22)</u>                    | <u>\$ 1,687</u> |
| <b>Major Product Groupings</b>              |                      |                             |                           |                        |                                   |                 |
| MDI urethanes                               | \$ 993               |                             |                           |                        |                                   | \$ 993          |
| Differentiated                              |                      | \$ 281                      |                           |                        |                                   | 281             |
| Specialty                                   |                      |                             | \$ 222                    |                        |                                   | 222             |
| Non-specialty                               |                      |                             | 34                        |                        |                                   | 34              |
| Textile chemicals and dyes and digital inks |                      |                             |                           | \$ 179                 |                                   | 179             |
| Eliminations                                |                      |                             |                           |                        | \$ (22)                           | (22)            |
|   | <u>\$ 993</u>        | <u>\$ 281</u>               | <u>\$ 256</u>             | <u>\$ 179</u>          | <u>\$ (22)</u>                    | <u>\$ 1,687</u> |
| <b>2018</b>                                 |                      |                             |                           |                        |                                   |                 |
|   | <b>Polyurethanes</b> | <b>Performance Products</b> | <b>Advanced Materials</b> | <b>Textile Effects</b> | <b>Corporate and Eliminations</b> | <b>Total</b>    |
| <b>Primary Geographic Markets(1)</b>        |                      |                             |                           |                        |                                   |                 |
| U.S. and Canada                             | \$ 386               | \$ 153                      | \$ 71                     | \$ 17                  | \$ 36                             | \$ 663          |
| Europe                                      | 317                  | 91                          | 108                       | 31                     | (4)                               | 543             |
| Asia Pacific                                | 336                  | 69                          | 79                        | 122                    | (1)                               | 605             |
| Rest of world                               | 87                   | 16                          | 21                        | 34                     | (1)                               | 157             |
|   | <u>\$ 1,126</u>      | <u>\$ 329</u>               | <u>\$ 279</u>             | <u>\$ 204</u>          | <u>\$ 30</u>                      | <u>\$ 1,968</u> |
| <b>Major Product Groupings</b>              |                      |                             |                           |                        |                                   |                 |
| MDI urethanes                               | \$ 1,126             |                             |                           |                        |                                   | \$ 1,126        |
| Differentiated                              |                      | \$ 329                      |                           |                        |                                   | 329             |
| Specialty                                   |                      |                             | \$ 233                    |                        |                                   | 233             |
| Non-specialty                               |                      |                             | 46                        |                        |                                   | 46              |
| Textile chemicals and dyes and digital inks |                      |                             |                           | \$ 204                 |                                   | 204             |
| Eliminations                                |                      |                             |                           |                        | \$ 30                             | 30              |
|   | <u>\$ 1,126</u>      | <u>\$ 329</u>               | <u>\$ 279</u>             | <u>\$ 204</u>          | <u>\$ 30</u>                      | <u>\$ 1,968</u> |

The following tables disaggregate our revenue from continuing operations by major source for the nine months ended September 30, 2019 and 2018 (dollars in millions):

| <b>2019</b>                                 | <b>Polyurethanes</b> | <b>Performance Products</b> | <b>Advanced Materials</b> | <b>Textile Effects</b> | <b>Corporate and Eliminations</b> | <b>Total</b>    |
|---|----------------------|-----------------------------|---------------------------|------------------------|-----------------------------------|-----------------|
| <b>Primary Geographic Markets(1)</b>        |                      |                             |                           |                        |                                   |                 |
| U.S. and Canada                             | \$ 1,094             | \$ 404                      | \$ 224                    | \$ 48                  | \$ (44)                           | \$ 1,726        |
| Europe                                      | 802                  | 249                         | 322                       | 99                     | (8)                               | 1,464           |
| Asia Pacific                                | 803                  | 179                         | 201                       | 336                    | (1)                               | 1,518           |
| Rest of world                               | 232                  | 48                          | 56                        | 100                    | (4)                               | 432             |
|   | <u>\$ 2,931</u>      | <u>\$ 880</u>               | <u>\$ 803</u>             | <u>\$ 583</u>          | <u>\$ (57)</u>                    | <u>\$ 5,140</u> |
| <b>Major Product Groupings</b>              |                      |                             |                           |                        |                                   |                 |
| MDI urethanes                               | \$ 2,931             |                             |                           |                        |                                   | \$ 2,931        |
| Differentiated                              |                      | \$ 880                      |                           |                        |                                   | 880             |
| Specialty                                   |                      |                             | \$ 683                    |                        |                                   | 683             |
| Non-specialty                               |                      |                             | 120                       |                        |                                   | 120             |
| Textile chemicals and dyes and digital inks |                      |                             |                           | \$ 583                 |                                   | 583             |
| Eliminations                                |                      |                             |                           |                        | \$ (57)                           | (57)            |
|   | <u>\$ 2,931</u>      | <u>\$ 880</u>               | <u>\$ 803</u>             | <u>\$ 583</u>          | <u>\$ (57)</u>                    | <u>\$ 5,140</u> |
| <b>2018</b>                                 |                      |                             |                           |                        |                                   |                 |
|   | <b>Polyurethanes</b> | <b>Performance Products</b> | <b>Advanced Materials</b> | <b>Textile Effects</b> | <b>Corporate and Eliminations</b> | <b>Total</b>    |
| <b>Primary Geographic Markets(1)</b>        |                      |                             |                           |                        |                                   |                 |
| U.S. and Canada                             | \$ 1,065             | \$ 447                      | \$ 215                    | \$ 51                  | \$ 63                             | \$ 1,841        |
| Europe                                      | 992                  | 283                         | 342                       | 103                    | (15)                              | 1,705           |
| Asia Pacific                                | 944                  | 210                         | 226                       | 370                    | (4)                               | 1,746           |
| Rest of world                               | 267                  | 51                          | 67                        | 107                    | (1)                               | 491             |
|   | <u>\$ 3,268</u>      | <u>\$ 991</u>               | <u>\$ 850</u>             | <u>\$ 631</u>          | <u>\$ 43</u>                      | <u>\$ 5,783</u> |
| <b>Major Product Groupings</b>              |                      |                             |                           |                        |                                   |                 |
| MDI urethanes                               | \$ 3,268             |                             |                           |                        |                                   | \$ 3,268        |
| Differentiated                              |                      | \$ 991                      |                           |                        |                                   | 991             |
| Upstream                                    |                      |                             |                           |                        |                                   | —               |
| Specialty                                   |                      |                             | \$ 711                    |                        |                                   | 711             |
| Non-specialty                               |                      |                             | 139                       |                        |                                   | 139             |
| Textile chemicals and dyes and digital inks |                      |                             |                           | \$ 631                 |                                   | 631             |
| Eliminations                                |                      |                             |                           |                        | \$ 43                             | 43              |
|   | <u>\$ 3,268</u>      | <u>\$ 991</u>               | <u>\$ 850</u>             | <u>\$ 631</u>          | <u>\$ 43</u>                      | <u>\$ 5,783</u> |

(1) Geographic information for revenues is based upon countries into which product is sold.

Substantially all of our revenue is generated through product sales in which revenue is recognized at a point in time. At contract inception, we assess the goods and services, if any, promised in our contracts and identify a performance obligation for each promise to transfer to the customer a good or service that is distinct. In substantially all cases, a contract has a single performance obligation to deliver a promised good to the customer. Revenue is recognized when control of the product is transferred to the customer (i.e., when our performance obligation is satisfied), which typically occurs at shipment. Further, in determining whether control has transferred, we consider if there is a present right to payment and legal title, along with risks and rewards of ownership having transferred to the customer.

The amount of consideration we receive and revenue we recognize is based upon the terms stated in the sales contract, which may contain variable consideration such as discounts or rebates. We allocate the transaction price to each distinct product based on their relative standalone selling price. The product price as specified on the purchase order or in the sales contract is considered the standalone selling price as it is an observable input that depicts the price as if sold to a similar customer in similar circumstances. In order to estimate the applicable variable consideration, we use historical and current trend information to estimate the amount of discounts or rebates to which customers are likely to be entitled. Historically, actual discount or rebate adjustments relative to those estimated and included when determining the transaction price have not materially differed. Payment terms vary but are generally less than one year. As our standard payment terms are less than one year, we have elected to not assess whether a contract has a significant

financing component. In the normal course of business, we do not accept product returns unless the item is defective as manufactured. We establish provisions for estimated returns based on an analysis of historical experience.

## 12. EMPLOYEE BENEFIT PLANS

Components of the net periodic benefit costs from continuing operations for the three and nine months ended September 30, 2019 and 2018 were as follows (dollars in millions):

### Huntsman Corporation

|                                       | Defined Benefit Plans |             | Other Postretirement Benefit Plans |             |
|---------------------------------------|-----------------------|-------------|------------------------------------|-------------|
|                                       | Three months ended    |             | Three months ended                 |             |
|                                       | September 30,         |             | September 30,                      |             |
|                                       | 2019                  | 2018        | 2019                               | 2018        |
| Service cost                          | \$ 14                 | \$ 13       | \$ —                               | \$ —        |
| Interest cost                         | 19                    | 20          | 1                                  | —           |
| Expected return on assets             | (40)                  | (40)        | —                                  | —           |
| Amortization of prior service benefit | (1)                   | (2)         | (1)                                | (1)         |
| Amortization of actuarial loss        | 17                    | 17          | —                                  | 1           |
| Net periodic benefit cost             | <u>\$ 9</u>           | <u>\$ 8</u> | <u>\$ —</u>                        | <u>\$ —</u> |

|                                       | Defined Benefit Plans |              | Other Postretirement Benefit Plans |             |
|---------------------------------------|-----------------------|--------------|------------------------------------|-------------|
|                                       | Nine months ended     |              | Nine months ended                  |             |
|                                       | September 30,         |              | September 30,                      |             |
|                                       | 2019                  | 2018         | 2019                               | 2018        |
| Service cost                          | \$ 39                 | \$ 41        | \$ 1                               | \$ 1        |
| Interest cost                         | 59                    | 57           | 2                                  | 2           |
| Expected return on assets             | (118)                 | (122)        | —                                  | —           |
| Amortization of prior service benefit | (4)                   | (5)          | (4)                                | (4)         |
| Amortization of actuarial loss        | 51                    | 52           | 1                                  | 2           |
| Settlement loss                       | —                     | 2            | —                                  | —           |
| Net periodic benefit cost             | <u>\$ 27</u>          | <u>\$ 25</u> | <u>\$ —</u>                        | <u>\$ 1</u> |

### Huntsman International

|                                       | Defined Benefit Plans |             | Other Postretirement Benefit Plans |             |
|---------------------------------------|-----------------------|-------------|------------------------------------|-------------|
|                                       | Three months ended    |             | Three months ended                 |             |
|                                       | September 30,         |             | September 30,                      |             |
|                                       | 2019                  | 2018        | 2019                               | 2018        |
| Service cost                          | \$ 14                 | \$ 13       | \$ —                               | \$ —        |
| Interest cost                         | 19                    | 20          | 1                                  | —           |
| Expected return on assets             | (40)                  | (40)        | —                                  | —           |
| Amortization of prior service benefit | (1)                   | (2)         | (1)                                | (1)         |
| Amortization of actuarial loss        | 17                    | 18          | —                                  | 1           |
| Net periodic benefit cost             | <u>\$ 9</u>           | <u>\$ 9</u> | <u>\$ —</u>                        | <u>\$ —</u> |

|                                       | Defined Benefit Plans           |              | Other Postretirement Benefit Plans |             |
|---------------------------------------|---------------------------------|--------------|------------------------------------|-------------|
|                                       | Nine months ended September 30, |              | Nine months ended September 30,    |             |
|                                       | 2019                            | 2018         | 2019                               | 2018        |
| Service cost                          | \$ 39                           | \$ 41        | \$ 1                               | \$ 1        |
| Interest cost                         | 59                              | 57           | 2                                  | 2           |
| Expected return on assets             | (118)                           | (122)        | —                                  | —           |
| Amortization of prior service benefit | (4)                             | (5)          | (4)                                | (4)         |
| Amortization of actuarial loss        | 53                              | 54           | 1                                  | 2           |
| Settlement loss                       | —                               | 2            | —                                  | —           |
| Net periodic benefit cost             | <u>\$ 29</u>                    | <u>\$ 27</u> | <u>\$ —</u>                        | <u>\$ 1</u> |

During both of the nine months ended September 30, 2019 and 2018, we made contributions to our pension and other postretirement benefit plans of \$67 million. During the remainder of 2019, we expect to contribute an additional amount of approximately \$10 million to these plans.

### 13. HUNTSMAN CORPORATION STOCKHOLDERS' EQUITY

#### Share Repurchase Program

On February 7, 2018 and on May 3, 2018, our Board of Directors authorized us to repurchase up to an additional \$50 million in shares of our common stock in addition to the \$50 million remaining under our September 2015 share repurchase authorization. The share repurchase program will be supported by our free cash flow generation. Repurchases may be made through the open market, including through accelerated share repurchase programs, or in privately negotiated transactions, and repurchases may be commenced or suspended from time to time without prior notice. Shares of common stock acquired through the repurchase program are held in treasury at cost. During the nine months ended September 30, 2019, we repurchased 9,596,332 shares of our common stock for approximately \$96 million, excluding commissions, under the repurchase program.

#### Dividends on Common Stock

During each of the quarters ended September 30, 2019 and June 30, 2019 we paid dividends of \$38 million, or \$0.1625 per share to common stockholders. During each of the quarters ended September 30, 2018, June 30, 2018 and March 31, 2019 and 2018 we paid dividends of \$39 million, or \$0.1625 per share, to common stockholders.

### 14. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income 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, 2019                                       | \$ (371)                                   | \$ (994)   | \$ 8  | \$ 5        | \$ (1,352)        | \$ 36  | \$ (1,316)                                   |
| Other comprehensive loss before reclassifications, gross                 | (19)                                       | —  | —   | (1)         | (20)              | 6  | (14)   |
| Tax benefit  | (1)  | —  | —   | —           | (1)               | —  | (1)  |
| Amounts reclassified from accumulated other comprehensive loss, gross(c) | —  | 46   | —   | —           | 46                | —  | 46   |
| Tax expense  | —  | (10)   | —   | —           | (10)              | —  | (10)   |
| Net current-period other comprehensive (loss) income                     | (20)                                       | 36   | —   | (1)         | 15                | 6  | 21   |
| Acquisition of noncontrolling interest                                   | —  | —  | —   | —           | —                 | (15)   | (15)   |
| Ending balance, September 30, 2019                                       | <u>\$ (391)</u>                            | <u>\$ (958)</u>  | <u>\$ 8</u>   | <u>\$ 4</u> | <u>\$ (1,337)</u> | <u>\$ 27</u>                                     | <u>\$ (1,310)</u>                            |

(a) Amounts are net of tax of \$72 and \$71 as of September 30, 2019 and January 1, 2019, respectively.

(b) Amounts are net of tax of \$125 and \$135 as of September 30, 2019 and January 1, 2019, respectively.

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

|   | Foreign<br>currency<br>translation<br>adjustment(a) | Pension and<br>other<br>postretirement<br>benefits<br>adjustments(b) | Other<br>comprehensive<br>income of<br>unconsolidated<br>affiliates | Other, net  | Total             | Amounts<br>attributable to<br>noncontrolling<br>interests | Amounts<br>attributable to<br>Huntsman<br>Corporation |
|---|---|--|---|-------------|-------------------|---|---|
| Beginning balance, January 1, 2018  | \$ (249)  | \$ (1,189)   | \$ 3  | \$ 24       | \$ (1,411)        | \$ 143  | \$ (1,268)  |
| Cumulative effect of changes in fair value of equity investments            | —   | —  | —   | (10)        | (10)              | —   | (10)  |
| Revised beginning balance, January 1, 2018                                  | (249)   | (1,189)  | 3   | 14          | (1,421)           | 143   | (1,278)   |
| Other comprehensive (loss) income before reclassifications, gross           | (155)   | 2  | 1   | —           | (152)             | 32  | (120)   |
| Tax expense   | (1)   | —  | —   | (3)         | (4)               | —   | (4)   |
| Amounts reclassified from accumulated other comprehensive loss,<br>gross(c) | —   | 60   | —   | —           | 60                | —   | 60  |
| Tax expense   | —   | (1)  | —   | (6)         | (7)               | —   | (7)   |
| Net current-period other comprehensive (loss) income                        | (156)   | 61   | 1   | (9)         | (103)             | 32  | (71)  |
| Disposition of a portion of Venator   | —   | —  | —   | —           | —                 | (5)   | (5)   |
| Ending balance, September 30, 2018  | <u>\$ (405)</u>                                     | <u>\$ (1,128)</u>  | <u>\$ 4</u>   | <u>\$ 5</u> | <u>\$ (1,524)</u> | <u>\$ 170</u>   | <u>\$ (1,354)</u>                                     |

- (a) Amounts are net of tax of \$66 and \$65 as of September 30, 2018 and January 1, 2018, respectively.
- (b) Amounts are net of tax of \$171 and \$172 as of September 30, 2018 and January 1, 2018, respectively.
- (c) See table below for details about these reclassifications.

| Details about Accumulated Other<br>Comprehensive Loss Components(a): | Amounts reclassified<br>from accumulated<br>other<br>comprehensive loss |                      | Affected line item in<br>the statement<br>where net income<br>is presented |
|--|---|----------------------|--|
|  | Three months<br>ended   | Nine months<br>ended |  |
|  | September 30, 2019  | September 30, 2019   |  |
| Amortization of pension and other postretirement benefits:           |   |                      |  |
| Prior service credit   | \$ (2)  | \$ (8)               | (b)  |
| Actuarial loss   | 17  | 54                   | (b)(c)   |
|  | 15  | 46                   | Total before tax   |
|  | (4)   | (10)                 | Income tax expense   |
| <b>Total reclassifications for the period</b>                        | <u>\$ 11</u>  | <u>\$ 36</u>         | Net of tax   |

| Details about Accumulated Other<br>Comprehensive Loss Components(a): | Amounts reclassified<br>from accumulated<br>other<br>comprehensive loss |                      | Affected line item in<br>the statement<br>where net income<br>is presented |
|--|---|----------------------|--|
|  | Three months<br>ended   | Nine months<br>ended |  |
|  | September 30, 2018  | September 30, 2018   |  |
| Amortization of pension and other postretirement benefits:           |   |                      |  |
| Prior service credit   | \$ (2)  | \$ (9)               | (b)  |
| Settlement loss  | —   | 2                    | (b)  |
| Actuarial loss   | 21  | 67                   | (b)(c)   |
|  | 19  | 60                   | Total before tax   |
|  | (3)   | (1)                  | Income tax (expense) benefit   |
| <b>Total reclassifications for the period</b>                        | <u>\$ 16</u>  | <u>\$ 59</u>         | 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 12. Employee Benefit Plans.”
- (c) Amounts contain approximately \$1 and \$9 of actuarial losses related to discontinued operations for the three months ended September 30, 2019 and 2018, respectively and \$4 and \$15 of actuarial losses related to discontinued operations for the nine months ended September 30, 2019 and 2018, respectively.

**Huntsman International**

|  | Foreign<br>currency<br>translation<br>adjustment(a) | Pension<br>and other<br>postretirement<br>benefits<br>adjustments(b) | Other<br>comprehensive<br>income of<br>unconsolidated<br>affiliates | Other, net | Total      | Amounts<br>attributable to<br>noncontrolling<br>interests | Amounts<br>attributable to<br>Huntsman<br>International |
|--|---|--|---|------------|------------|---|---|
| Beginning balance, January 1, 2019                                       | \$ (376)  | \$ (977)   | \$ 8  | \$ 1       | \$ (1,344) | \$ 36   | \$ (1,308)  |
| Other comprehensive loss before reclassifications, gross                 | (20)  | —  | —   | (1)        | (21)       | 6   | (15)  |
| Tax benefit  | (1)   | —  | —   | —          | (1)        | —   | (1)   |
| Amounts reclassified from accumulated other comprehensive loss, gross(c) | —   | 48   | —   | —          | 48         | —   | 48  |
| Tax expense  | —   | (10)   | —   | —          | (10)       | —   | (10)  |
| Net current-period other comprehensive (loss) income                     | (21)  | 38   | —   | (1)        | 16         | 6   | 22  |
| Acquisition of noncontrolling interest                                   | —   | —  | —   | —          | —          | (15)  | (15)  |
| Ending balance, September 30, 2019                                       | \$ (397)  | \$ (939)   | \$ 8  | \$ —       | \$ (1,328) | \$ 27   | \$ (1,301)  |

(a) Amounts are net of tax of \$59 and \$57 as of September 30, 2019 and January 1, 2019, respectively.

(b) Amounts are net of tax of \$151 and \$161 as of September 30, 2019 and January 1, 2019, respectively.

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

|  | Foreign<br>currency<br>translation<br>adjustment(a) | Pension<br>and other<br>postretirement<br>benefits<br>adjustments(b) | Other<br>comprehensive<br>income of<br>unconsolidated<br>affiliates | Other, net | Total      | Amounts<br>attributable to<br>noncontrolling<br>interests | Amounts<br>attributable to<br>Huntsman<br>International |
|--|---|--|---|------------|------------|---|---|
| Beginning balance, January 1, 2018                                       | \$ (252)  | \$ (1,174)   | \$ 3  | \$ 17      | \$ (1,406) | \$ 143  | \$ (1,263)  |
| Cumulative effect of changes in fair value of equity investments         | —   | —  | —   | (10)       | (10)       | —   | (10)  |
| Revised beginning balance, January 1, 2018                               | (252)   | (1,174)  | 3   | 7          | (1,416)    | 143   | (1,273)   |
| Other comprehensive (loss) income before reclassifications, gross        | (156)   | 2  | 1   | —          | (153)      | 32  | (121)   |
| Tax benefit (expense)  | (1)   | —  | —   | (1)        | (2)        | —   | (2)   |
| Amounts reclassified from accumulated other comprehensive loss, gross(c) | —   | 61   | —   | —          | 61         | —   | 61  |
| Tax expense  | —   | (1)  | —   | (5)        | (6)        | —   | (6)   |
| Net current-period other comprehensive (loss) income                     | (157)   | 62   | 1   | (6)        | (100)      | 32  | (68)  |
| Disposition of a portion of Venator                                      | —   | —  | —   | —          | —          | (5)   | (5)   |
| Ending balance, September 30, 2018                                       | \$ (409)  | \$ (1,112)   | \$ 4  | \$ 1       | \$ (1,516) | \$ 170  | \$ (1,346)  |

(a) Amounts are net of tax of \$52 and \$51 as of September 30, 2018 and January 1, 2018, respectively.

(b) Amounts are net of tax of \$198 and \$199 as of September 30, 2018 and January 1, 2018, respectively.

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

| Details about Accumulated Other<br>Comprehensive Loss Components(a): | Amounts reclassified<br>from accumulated<br>other<br>comprehensive loss |                      |  | Affected line item in<br>the statement<br>where net income<br>is presented |
|--|---|----------------------|--|--|
|  | Three months<br>ended   | Nine months<br>ended |  |  |
|  | September 30, 2019  | September 30, 2019   |  |  |
| Amortization of pension and other postretirement benefits:           |   |                      |  |  |
| Prior service credit   | \$ (2)  | \$ (8)               |  | (b)  |
| Actuarial loss   | 17  | 56                   |  | (b)(c)   |
|  | 15  | 48                   |  | Total before tax   |
|  | (3)   | (10)                 |  | Income tax expense   |
| <b>Total reclassifications for the period</b>                        | <b>\$ 12</b>  | <b>\$ 38</b>         |  | Net of tax   |

| Details about Accumulated Other<br>Comprehensive Loss Components(a): | Amounts reclassified<br>from accumulated<br>other<br>comprehensive loss |                      | Affected line item in<br>the statement<br>where net income<br>is presented |
|--|---|----------------------|--|
|  | Three months<br>ended   | Nine months<br>ended |  |
|  | September 30, 2018  | September 30, 2018   |  |
| Amortization of pension and other postretirement benefits:           |   |                      |  |
| Prior service credit   | \$ (3)  | \$ (9)               | (b)  |
| Settlement loss  | —   | 2                    |  |
| Actuarial loss   | 22  | 68                   | (b)(c)   |
|  | 19  | 61                   | Total before tax   |
|  | (2)   | (1)                  | Income tax (expense) benefit   |
| <b>Total reclassifications for the period</b>                        | <b>\$ 17</b>  | <b>\$ 60</b>         | 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 12. Employee Benefit Plans.”
- (c) Amounts contain approximately \$1 and \$9 of actuarial losses related to discontinued operations for the three months ended September 30, 2019 and 2018, respectively and \$4 and \$15 of actuarial losses related to discontinued operations for the nine months ended September 30, 2019 and 2018, respectively.

## 15. COMMITMENTS AND CONTINGENCIES

### Legal Matters

#### Indemnification Matters

On July 14, 2014, Deutsche Bank Securities Inc. and Credit Suisse Securities (USA) LLC (the “Banks”) demanded that we indemnify them for 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”). We denied the Banks’ indemnification demand for the Wisconsin Litigation and have made no accrual with respect to this matter. The stockholders in the Wisconsin Litigation made claims for misrepresentation and conspiracy to defraud in connection with the failed acquisition by and merger with Hexion and, additionally, named Apollo Global Management LLC and Apollo Management Holdings, L.P. as defendants. On June 30, 2016, the plaintiffs voluntarily dismissed the Apollo defendants and on December 5, 2016, the court dismissed Deutsche Bank for lack of personal jurisdiction, but denied Credit Suisse’s motion to dismiss. Following discovery, Credit Suisse filed a motion for summary judgment on August 25, 2017; the court granted that motion on September 24, 2019 and dismissed the case with prejudice.

#### 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.

## 16. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

### EHS Capital Expenditures

We may incur future costs for capital improvements and general compliance under environmental, health and safety (“EHS”) laws, including costs to acquire, maintain and repair pollution control equipment. For both the nine months ended September 30, 2019 and 2018, our capital expenditures for EHS matters totaled \$17 million. 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 \$7 million for environmental liabilities as of both September 30, 2019 and December 31, 2018. Of these amounts, \$2 million were classified as accrued liabilities in our condensed consolidated balance sheets as of both September 30, 2019 and December 31, 2018, and \$5 million were classified as other noncurrent liabilities in our condensed consolidated balance sheets as of both September 30, 2019 and December 31, 2018, 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 nine 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.

#### **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 Fargo (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.

### **17. 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. Initially, there were approximately 8.2 million shares available for issuance under the 2016 Stock Incentive Plan. However, the number of shares available for issuance may be adjusted to include any shares surrendered, exchanged, forfeited or settled in cash pursuant to the Prior Plan. As of September 30, 2019, 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 annually over a three-year period.

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 |      | Nine months ended |       |
|--|--------------------|------|-------------------|-------|
|  | September 30,      |      | September 30,     |       |
|  | 2019               | 2018 | 2019              | 2018  |
| Huntsman Corporation compensation cost   | \$ 7               | \$ 7 | \$ 22             | \$ 22 |
| Huntsman International compensation cost | 7                  | 7    | 21                | 21    |

The total income tax benefit recognized in the condensed consolidated statements of operations for us and Huntsman International for stock-based compensation arrangements was \$7 million and \$17 million for the nine months ended September 30, 2019 and 2018, respectively.

### Stock Options

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes valuation model that uses the assumptions noted in the following table. Expected volatilities are based on the historical volatility of our common stock through the grant date. The expected term of options granted was estimated based on the contractual term of the instruments and employees' expected exercise and post-vesting employment termination behavior. The risk-free rate for periods within the contractual life of the option was based on the U.S. Treasury yield curve 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 |           | Nine months ended |           |
|--|--------------------|-----------|-------------------|-----------|
|  | September 30,      |           | September 30,     |           |
|  | 2019               | 2018      | 2019              | 2018      |
| Dividend yield   | NA                 | 2.0 %     | 2.9 %             | 1.5 %     |
| Expected volatility                                      | NA                 | 54.5 %    | 54.0 %            | 55.2 %    |
| Risk-free interest rate                                  | NA                 | 2.8 %     | 2.5 %             | 2.6 %     |
| Expected life of stock options granted during the period | NA                 | 5.9 years | 5.9 years         | 5.9 years |

During the three months ended September 30, 2019, no stock options were granted.

A summary of stock option activity under the 2016 Stock Incentive Plan and the Prior Plan as of September 30, 2019 and changes during the nine months then ended is presented below:

| Option Awards                     | Shares<br>(in thousands) | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Remaining<br>Contractual<br>Term<br>(years) | Aggregate<br>Intrinsic<br>Value<br>(in millions) |
|-----------------------------------|--------------------------|--|--|--|
| Outstanding at January 1, 2019    | 4,545                    | \$ 17.81                                 |  |  |
| Granted                           | 896                      | 22.66                                    |  |  |
| Exercised                         | (214)                    | 10.32                                    |  |  |
| Forfeited                         | (47)                     | 25.24                                    |  |  |
| Outstanding at September 30, 2019 | 5,180                    | 18.89                                    | 6.4  | \$ 27  |
| Exercisable at September 30, 2019 | 3,750                    | 16.72                                    | 5.5  | 26   |

The weighted-average grant-date fair value of stock options granted during the nine months ended September 30, 2019 was \$9.27 per option. As of September 30, 2019, there was \$10 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 2.0 years.

The total intrinsic value of stock options exercised during the nine months ended September 30, 2019 and 2018 was approximately \$2 million and \$77 million, respectively. Cash received from stock options exercised during the nine months ended September 30, 2019 and 2018 was approximately \$1 million and \$17 million, respectively. The cash tax benefit from stock options exercised during the nine months ended September 30, 2019 and 2018 was approximately nil and \$17 million, respectively.

#### 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, 2019 and 2018, the weighted-average expected volatility rate was 34.6% and 44.3%, respectively, and the weighted average risk-free interest rate was 2.5% and 2.3%, respectively. For the performance share unit awards granted in the nine months ended September 30, 2019 and 2018, the number of shares earned varies based upon the Company achieving certain performance criteria over a three-year performance period. 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 three-year performance periods.

A summary of the status of our nonvested shares as of September 30, 2019 and changes during the nine months then ended is presented below:

|                                 | Equity Awards            |   | Liability Awards         |   |
|---------------------------------|--------------------------|---|--------------------------|---|
|                                 | Shares<br>(in thousands) | Weighted<br>Average<br>Grant-Date<br>Fair Value | Shares<br>(in thousands) | Weighted<br>Average<br>Grant-Date<br>Fair Value |
| Nonvested at January 1, 2019    | 1,923                    | \$ 19.08  | 504                      | \$ 20.66  |
| Granted                         | 708                      | 24.60   | 256                      | 22.64   |
| Vested                          | (968)(1)(2)              | 13.61   | (313)                    | 16.32   |
| Forfeited                       | (16)                     | 26.15   | (16)                     | 25.17   |
| Nonvested at September 30, 2019 | 1,647                    | 24.60   | 431                      | 24.81   |

(1) As of September 30, 2019, a total of 389,095 restricted stock units were vested but not yet issued, of which 30,486 vested during the nine months ended September 30, 2019. 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.

- (2) A total of 412,246 performance share unit awards are reflected in the vested shares in this table, which represents the target number of performance share unit awards for this grant and were included in the balance at December 31, 2018. During the nine months ended September 30, 2019, an additional 357,006 performance share unit awards with a grant date fair value of \$10.22 vested above the target in accordance the performance criteria of these awards.

As of September 30, 2019, there was \$26 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 1.9 years. The value of share awards that vested during the nine months ended September 30, 2019 and 2018 was \$24 million each.

## **18. INCOME TAXES**

We use the asset and liability method of accounting for income taxes. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial and tax reporting purposes. We evaluate deferred tax assets to determine whether it is more likely than not that they will be realized. Valuation allowances are reviewed on an individual tax jurisdiction basis to analyze whether there is sufficient positive or negative evidence to support a change in judgment about the realizability of the related deferred tax assets. These conclusions require significant judgment. In evaluating the objective evidence that historical results provide, we consider the cyclical nature of our businesses and cumulative income or losses during the applicable period. Cumulative losses incurred over the applicable period limits our ability to consider other subjective evidence such as our projections for the future. Changes in expected future income in applicable jurisdictions could affect the realization of deferred tax assets in those jurisdictions.

Effective January 1, 2019, Switzerland reduced certain cantonal income tax rates resulting in a decrease in our net deferred tax assets and a corresponding noncash income tax expense of \$32 million for the nine months ended September 30, 2019.

During the nine months ended September 30, 2019, we recognized a discrete tax benefit of \$4 million related to excess tax benefits from share-based compensation.

The \$90 million of losses on fair value adjustments to our Venator investment, recorded as part of non-operating income from continuing operations, is not subject to tax under The Netherlands' statutory participation exemption. As a significant, unusual, non-operating item, it was treated discretely and excluded from the annual effective tax rate calculation for interim reporting.

### **Huntsman Corporation**

We recorded income tax expense from continuing operations of \$13 million and \$41 million for the nine months ended September 30, 2019 and 2018, 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. Our effective tax rate was 41% for the nine months ended September 30, 2019. The non-cash tax expense related to the change in tax rate in Switzerland and the non-tax benefitted loss from fair value adjustments to our Venator investment resulted in a higher effective tax rate through the first nine months of 2019.

### **Huntsman International**

Huntsman International recorded income tax expense from continuing operations of \$10 million and \$38 million for the nine months ended September 30, 2019 and 2018, 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. Our effective tax rate was 42% for the nine months ended September 30, 2019. The non-cash tax expense related to the change in tax rate in Switzerland and the non-tax benefitted loss from fair value adjustments to our Venator investment resulted in a higher effective tax rate through the first nine months of 2019.

## 19. 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.

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

|   | Three months ended |         | Nine months ended |        |
|---|--------------------|---------|-------------------|--------|
|   | September 30,      |         | September 30,     |        |
|   | 2019               | 2018    | 2019              | 2018   |
| <b>Numerator:</b>   |                    |         |                   |        |
| <b>Basic and diluted (loss) income from continuing operations:</b>            |                    |         |                   |        |
| (Loss) income from continuing operations attributable to Huntsman Corporation | \$ (38)            | \$ 173  | \$ 133            | \$ 562 |
| <b>Basic and diluted net income (loss):</b>                                   |                    |         |                   |        |
| Net income (loss) attributable to Huntsman Corporation                        | \$ 30              | \$ (11) | \$ 259            | \$ 677 |
| <b>Denominator:</b>   |                    |         |                   |        |
| Weighted average shares outstanding   | 227.4              | 237.9   | 230.3             | 239.1  |
| Dilutive shares:  |                    |         |                   |        |
| Stock-based awards  | —                  | 2.9     | 1.7               | 3.9    |
| Total weighted average shares outstanding, including dilutive shares          | 227.4              | 240.8   | 232.0             | 243.0  |

Additional stock-based awards of 5.2 million and 0.6 million weighted average equivalent shares of stock were outstanding during the three months ended September 30, 2019 and 2018, respectively, and 3.6 million and 0.9 million weighted average equivalent shares of stock were outstanding during the nine months ended September 30, 2019 and 2018, 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, 2019 and 2018 because the effect would be anti-dilutive.

## 20. 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 four operating segments, which are also our reportable segments: Polyurethanes, Performance Products, Advanced Materials and Textile Effects. We have organized our business and derived our operating segments around differences in product lines. Beginning in the third quarter of 2019, we reported the results of our Chemical Intermediates Businesses as discontinued operations in our condensed consolidated financial statements for all periods presented. See “Note 4. Discontinued Operations and Business Dispositions —Sale of Chemical Intermediates Businesses.” In addition, in connection with the Venator IPO in August 2017, we separated Venator and, beginning in the third quarter of 2017, we reported the results of operations of Venator as discontinued operations in our condensed consolidated financial statements. On December 3, 2018, we further reduced our remaining investment in Venator by the sale of Venator ordinary shares which allowed us to deconsolidate Venator and account for our remaining interest in Venator as an equity method investment using the fair value option post deconsolidation. See “Note 4. Discontinued Operations and Business Dispositions —Separation and Deconsolidation of Venator.”

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

| Segment              | Products   |
|----------------------|--|
| Polyurethanes        | MDI, PO, polyols, PG, TPU, aniline and MTBE  |
| Performance Products | Specialty amines, ethyleneamines, maleic anhydride 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   |

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

|  | Three months ended |                 | Nine months ended |                 |
|--|--------------------|-----------------|-------------------|-----------------|
|  | September 30,      |                 | September 30,     |                 |
|  | 2019               | 2018            | 2019              | 2018            |
| <b>Revenues:</b>   |                    |                 |                   |                 |
| Polyurethanes  | \$ 993             | \$ 1,126        | \$ 2,931          | \$ 3,268        |
| Performance Products   | 281                | 329             | 880               | 991             |
| Advanced Materials   | 256                | 279             | 803               | 850             |
| Textile Effects  | 179                | 204             | 583               | 631             |
| Corporate and eliminations   | (22)               | 30              | (57)              | 43              |
| Total  | <u>\$ 1,687</u>    | <u>\$ 1,968</u> | <u>\$ 5,140</u>   | <u>\$ 5,783</u> |
| <b>Huntsman Corporation:</b>   |                    |                 |                   |                 |
| <b>Segment adjusted EBITDA(1):</b>   |                    |                 |                   |                 |
| Polyurethanes  | \$ 146             | \$ 218          | \$ 426            | \$ 668          |
| Performance Products   | 38                 | 54              | 125               | 158             |
| Advanced Materials   | 51                 | 56              | 159               | 177             |
| Textile Effects  | 16                 | 25              | 66                | 80              |
| Corporate and other(2)   | (36)               | (45)            | (112)             | (129)           |
| Total  | <u>215</u>         | <u>308</u>      | <u>664</u>        | <u>954</u>      |
| <b>Reconciliation of adjusted EBITDA to net income:</b>                    |                    |                 |                   |                 |
| Interest expense—continuing operations                                     | (27)               | (30)            | (86)              | (86)            |
| Interest expense—discontinued operations                                   | —                  | (10)            | —                 | (30)            |
| Income tax expense—continuing operations                                   | (30)               | (16)            | (113)             | (41)            |
| Income tax (expense) benefit—discontinued operations                       | (25)               | 41              | (44)              | (95)            |
| Depreciation and amortization—continuing operations                        | (65)               | (62)            | (201)             | (187)           |
| Depreciation and amortization—discontinued operations                      | (13)               | (23)            | (59)              | (63)            |
| Net income attributable to noncontrolling interests                        | 11                 | 3               | 31                | 288             |
| <b>Other adjustments:</b>  |                    |                 |                   |                 |
| Business acquisition and integration expenses                              | (3)                | (2)             | (4)               | (10)            |
| Merger costs   | —                  | (1)             | —                 | (2)             |
| EBITDA from discontinued operations  | 106                | (213)           | 229               | 525             |
| Noncontrolling interest of discontinued operations                         | —                  | 21              | —                 | (222)           |
| Fair value adjustments to Venator investment                               | (148)              | —               | (90)              | —               |
| Loss on early extinguishment of debt                                       | —                  | —               | (23)              | (3)             |
| Certain legal settlements and related expenses                             | (1)                | (1)             | (1)               | (4)             |
| Certain nonrecurring information technology project implementation costs   | (1)                | —               | (1)               | —               |
| Amortization of pension and postretirement actuarial losses                | (16)               | (18)            | (49)              | (50)            |
| Plant incident remediation costs   | (5)                | —               | (5)               | —               |
| Restructuring, impairment and plant closing and transition credits (costs) | 43                 | (5)             | 42                | (9)             |
| Net income (loss)  | <u>\$ 41</u>       | <u>\$ (8)</u>   | <u>\$ 290</u>     | <u>\$ 965</u>   |

|  | Three months ended |         | Nine months ended |        |
|--|--------------------|---------|-------------------|--------|
|  | September 30,      |         | September 30,     |        |
|  | 2019               | 2018    | 2019              | 2018   |
| <b>Huntsman International:</b>   |                    |         |                   |        |
| <b>Segment adjusted EBITDA(1):</b>   |                    |         |                   |        |
| Polyurethanes  | \$ 146             | \$ 218  | \$ 426            | \$ 668 |
| Performance Products   | 38                 | 54      | 125               | 158    |
| Advanced Materials   | 51                 | 56      | 159               | 177    |
| Textile Effects  | 16                 | 25      | 66                | 80     |
| Corporate and other(2)   | (35)               | (45)    | (108)             | (126)  |
| Total  | 216                | 308     | 668               | 957    |
| <b>Reconciliation of adjusted EBITDA to net income:</b>                    |                    |         |                   |        |
| Interest expense—continuing operations                                     | (31)               | (36)    | (99)              | (102)  |
| Interest expense—discontinued operations                                   | —                  | (10)    | —                 | (30)   |
| Income tax expense—continuing operations                                   | (29)               | (15)    | (110)             | (38)   |
| Income tax (expense) benefit—discontinued operations                       | (25)               | 41      | (44)              | (95)   |
| Depreciation and amortization—continuing operations                        | (65)               | (60)    | (201)             | (184)  |
| Depreciation and amortization—discontinued operations                      | (13)               | (23)    | (59)              | (63)   |
| Net income attributable to noncontrolling interests                        | 11                 | 3       | 31                | 288    |
| Other adjustments:   |                    |         |                   |        |
| Business acquisition and integration expenses                              | (3)                | (2)     | (4)               | (10)   |
| Merger costs   | —                  | (1)     | —                 | (2)    |
| EBITDA from discontinued operations  | 106                | (213)   | 229               | 525    |
| Noncontrolling interest of discontinued operations                         | —                  | 21      | —                 | (222)  |
| Fair value adjustments to Venator investment                               | (148)              | —       | (90)              | —      |
| Loss on early extinguishment of debt                                       | —                  | —       | (23)              | (3)    |
| Certain legal settlements and related expenses                             | (1)                | (1)     | (1)               | (4)    |
| Certain nonrecurring information technology project implementation costs   | (1)                | —       | (1)               | —      |
| Amortization of pension and postretirement actuarial losses                | (17)               | (18)    | (52)              | (52)   |
| Plant incident remediation costs   | (5)                | —       | (5)               | —      |
| Restructuring, impairment and plant closing and transition credits (costs) | 43                 | (5)     | 42                | (9)    |
| Net income (loss)  | \$ 38              | \$ (11) | \$ 281            | \$ 956 |

- (1) 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 the chief operating decision maker uses to make decisions about resources to be allocated to the segments and assess their financial performance. 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 and integration expenses; (b) merger costs; (c) EBITDA from discontinued operations; (d) noncontrolling interest of discontinued operations; (e) fair value adjustments to Venator investment; (f) loss on early extinguishment of debt; (g) certain legal settlements and related income (expenses); (h) certain nonrecurring information technology project implementation costs; (i) gain (loss) on sale of assets; (j) amortization of pension and postretirement actuarial losses; (k) plant incident remediation costs; (l) U.S. Tax Reform Act impact on noncontrolling interest; and (m) restructuring, impairment, plant closing and transition credits (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 and gains and losses on the disposition of corporate assets.

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

### Overview

We operate in four segments: Polyurethanes, Performance Products, Advanced Materials and Textile Effects. 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, coatings and construction, 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 and dyes. Our revenues from continuing operations for the nine months ended September 30, 2019 and 2018 were \$5,140 million and \$5,783 million, respectively.

### Recent Developments

#### Sale of Chemical Intermediates Businesses

On August 7, 2019 we entered into an agreement with Indorama to sell our Chemical Intermediates Businesses for a purchase price of \$2.0 billion in cash plus up to approximately \$76 million in net underfunded pension and other post-employment benefit liabilities. The purchase price is subject to certain closing and post-closing working capital and net indebtedness adjustments. We expect this transaction to close in early 2020. Beginning in the third quarter of 2019, we reported the Chemical Intermediates Businesses as held for sale and reported its results of operations as discontinued operations. Additionally, certain amounts for prior periods have been recasted for all periods presented.

For more information, see "Note 4. Discontinued Operations and Business Dispositions—Sale of Chemical Intermediates Businesses" to our condensed consolidated financial statements.

#### Acquisition of Remaining Interest in Sasol-Huntsman Joint Venture

On September 30, 2019, we acquired from Sasol the 50% noncontrolling interest that we did not own in the Sasol-Huntsman maleic anhydride joint venture. The joint venture owns a manufacturing facility in Moers, Germany with capacity to produce 230 million pounds of maleic anhydride. We paid Sasol \$100 million, which included acquired cash, net of any debt, and is subject to customary post-closing adjustments. The purchase price was funded from a new 364-day term loan facility. See "Note 8. Debt—Direct and Subsidiary Debt—Term Loan Credit Facility" to our condensed consolidated financial statements.

#### Sale of Property in Basel, Switzerland

In September 2011, we initiated a restructuring program in our Textile Effects segment to close its production facilities and business support offices in Basel, Switzerland. In July 2019, we sold the production facilities and business support offices in Basel. Accordingly, during the third quarter of 2019, we received proceeds of \$49 million related to this sale and recognized a corresponding gain on disposal of assets of \$49 million.

### Outlook

We expect the following factors to impact our operating segments:

#### Polyurethanes:

- Continued stable differentiated margins
- Demand headwinds in several key markets globally
- Component MDI margins remain pressured



**Performance Products:**

- Growth in key specialty amines
- Lower volumes and margins in ethyleneamines
- Some demand headwinds in maleic anhydride, margins stable

**Advanced Materials:**

- Demand headwinds across most industrial markets
- Stable overall margins

**Textile Effects:**

- Continued pressure from unresolved global trade issues
- Weak global demand trends

In 2019, we expect to spend approximately \$270 million on capital expenditures for continuing operations and approximately \$70 million for the Chemical Intermediates Businesses reported as discontinued operations.

We expect our forward adjusted effective tax rate will be approximately 22% to 24%. For further information, see “—Non-GAAP Financial Measures” and “Note 18. Income Taxes” to our condensed consolidated financial statements.

Refer to “Forward-Looking Statements” for a discussion of our use of forward-looking statements in this Form 10-Q.

## Results of Operations

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

### Huntsman Corporation

|   | Three months ended |               |                | Nine months ended |               |                |
|---|--------------------|---------------|----------------|-------------------|---------------|----------------|
|   | September 30,      |               | Percent Change | September 30,     |               | Percent Change |
|   | 2019               | 2018          |                | 2019              | 2018          |                |
| <b>Revenues</b>   | \$ 1,687           | \$ 1,968      | (14)%          | \$ 5,140          | \$ 5,783      | (11)%          |
| <b>Cost of goods sold</b>   | 1,347              | 1,501         | (10)%          | 4,068             | 4,371         | (7)%           |
| <b>Gross profit</b>   | 340                | 467           | (27)%          | 1,072             | 1,412         | (24)%          |
| Operating expenses  | 231                | 238           | (3)%           | 695               | 711           | (2)%           |
| Restructuring, impairment and plant closing (credits) costs                   | (43)               | 5             | NM             | (42)              | 8             | NM             |
| Merger costs  | —                  | 1             | (100)%         | —                 | 2             | (100)%         |
| <b>Operating income</b>   | 152                | 223           | (32)%          | 419               | 691           | (39)%          |
| Interest expense  | (27)               | (30)          | (10)%          | (86)              | (86)          | —              |
| Equity in income of investment in unconsolidated affiliates                   | 19                 | 14            | 36%            | 41                | 45            | (9)%           |
| Fair value adjustments to Venator investment                                  | (148)              | —             | NM             | (90)              | —             | NM             |
| Loss on early extinguishment of debt  | —                  | —             | —              | (23)              | (3)           | 667%           |
| Other income, net   | 7                  | 6             | 17%            | 16                | 22            | (27)%          |
| <b>Income from continuing operations before income taxes</b>                  | 3                  | 213           | (99)%          | 277               | 669           | (59)%          |
| Income tax expense  | (30)               | (16)          | 88%            | (113)             | (41)          | 176%           |
| <b>(Loss) income from continuing operations</b>                               | (27)               | 197           | NM             | 164               | 628           | (74)%          |
| Income (loss) from discontinued operations, net of tax                        | 68                 | (205)         | NM             | 126               | 337           | (63)%          |
| <b>Net income (loss)</b>  | 41                 | (8)           | NM             | 290               | 965           | (70)%          |
| <b>Reconciliation of net income (loss) to adjusted EBITDA:</b>                |                    |               |                |                   |               |                |
| Net income attributable to noncontrolling interests                           | (11)               | (3)           | 267%           | (31)              | (288)         | (89)%          |
| Interest expense from continuing operations                                   | 27                 | 30            | (10)%          | 86                | 86            | —              |
| Interest expense from discontinued operations                                 | —                  | 10            | (100)%         | —                 | 30            | (100)%         |
| Income tax expense from continuing operations                                 | 30                 | 16            | 88%            | 113               | 41            | 176%           |
| Income tax expense (benefit) from discontinued operations                     | 25                 | (41)          | NM             | 44                | 95            | (54)%          |
| Depreciation and amortization of continuing operations                        | 65                 | 62            | 5%             | 201               | 187           | 7%             |
| Depreciation and amortization of discontinued operations                      | 13                 | 23            | (43)%          | 59                | 63            | (6)%           |
| Other adjustments:  |                    |               |                |                   |               |                |
| Business acquisition and integration expenses                                 | 3                  | 2             |                | 4                 | 10            |                |
| Merger costs  | —                  | 1             |                | —                 | 2             |                |
| EBITDA from discontinued operations   | (106)              | 213           |                | (229)             | (525)         |                |
| Noncontrolling interest of discontinued operations                            | —                  | (21)          |                | —                 | 222           |                |
| Fair value adjustments to Venator investment                                  | 148                | —             |                | 90                | —             |                |
| Loss on early extinguishment of debt  | —                  | —             |                | 23                | 3             |                |
| Certain legal settlements and related expenses                                | 1                  | 1             |                | 1                 | 4             |                |
| Certain nonrecurring information technology project implementation costs      | 1                  | —             |                | 1                 | —             |                |
| Amortization of pension and postretirement actuarial losses                   | 16                 | 18            |                | 49                | 50            |                |
| Plant incident remediation costs  | 5                  | —             |                | 5                 | —             |                |
| Restructuring, impairment and plant closing and transition (credits) costs(2) | (43)               | 5             |                | (42)              | 9             |                |
| <b>Adjusted EBITDA(1)</b>   | <u>\$ 215</u>      | <u>\$ 308</u> | (30)%          | <u>\$ 664</u>     | <u>\$ 954</u> | (30)%          |
| Net cash provided by operating activities from continuing operations          |                    |               |                | \$ 434            | \$ 446        | (3)%           |
| Net cash used in investing activities from continuing operations              |                    |               |                | (111)             | (514)         | (78)%          |
| Net cash used in financing activities   |                    |               |                | (431)             | (117)         | 268%           |
| Capital expenditures from continuing operations                               |                    |               |                | (181)             | (148)         | 22%            |

**Huntsman International**

|   | Three months ended |               |                | Nine months ended |               |                |
|---|--------------------|---------------|----------------|-------------------|---------------|----------------|
|   | September 30,      |               | Percent Change | September 30,     |               | Percent Change |
|   | 2019               | 2018          |                | 2019              | 2018          |                |
| <b>Revenues</b>   | \$ 1,687           | \$ 1,968      | (14)%          | \$ 5,140          | \$ 5,783      | (11)%          |
| <b>Cost of goods sold</b>   | 1,347              | 1,500         | (10)%          | 4,068             | 4,368         | (7)%           |
| <b>Gross profit</b>   | 340                | 468           | (27)%          | 1,072             | 1,415         | (24)%          |
| Operating expenses  | 230                | 239           | (4)%           | 691               | 710           | (3)%           |
| Restructuring, impairment and plant closing (credits) costs                   | (43)               | 5             | NM             | (42)              | 8             | NM             |
| Merger costs  | —                  | 1             | (100)%         | —                 | 2             | (100)%         |
| <b>Operating income</b>   | 153                | 223           | (31)%          | 423               | 695           | (39)%          |
| Interest expense  | (31)               | (36)          | (14)%          | (99)              | (102)         | (3)%           |
| Equity in income of investment in unconsolidated affiliates                   | 19                 | 14            | 36%            | 41                | 45            | (9)%           |
| Fair value adjustments to Venator investment                                  | (148)              | —             | NM             | (90)              | —             | NM             |
| Loss on early extinguishment of debt  | —                  | —             | —              | (23)              | (3)           | 667%           |
| Other income, net   | 6                  | 8             | (25)%          | 13                | 22            | (41)%          |
| <b>(Loss) income from continuing operations before income taxes</b>           | (1)                | 209           | NM             | 265               | 657           | (60)%          |
| Income tax expense  | (29)               | (15)          | 93%            | (110)             | (38)          | 189%           |
| <b>(Loss) income from continuing operations</b>                               | (30)               | 194           | NM             | 155               | 619           | (75)%          |
| Income (loss) from discontinued operations, net of tax                        | 68                 | (205)         | NM             | 126               | 337           | (63)%          |
| <b>Net income (loss)</b>  | 38                 | (11)          | NM             | 281               | 956           | (71)%          |
| <b>Reconciliation of net income (loss) to adjusted EBITDA:</b>                |                    |               |                |                   |               |                |
| Net income attributable to noncontrolling interests                           | (11)               | (3)           | 267%           | (31)              | (288)         | (89)%          |
| Interest expense from continuing operations                                   | 31                 | 36            | (14)%          | 99                | 102           | (3)%           |
| Interest expense from discontinued operations                                 | —                  | 10            | (100)%         | —                 | 30            | (100)%         |
| Income tax expense from continuing operations                                 | 29                 | 15            | 93%            | 110               | 38            | 189%           |
| Income tax expense (benefit) from discontinued operations                     | 25                 | (41)          | NM             | 44                | 95            | (54)%          |
| Depreciation and amortization of continuing operations                        | 65                 | 60            | 8%             | 201               | 184           | 9%             |
| Depreciation and amortization of discontinued operations                      | 13                 | 23            | (43)%          | 59                | 63            | (6)%           |
| Other adjustments:  |                    |               |                |                   |               |                |
| Business acquisition and integration expenses                                 | 3                  | 2             |                | 4                 | 10            |                |
| Merger costs  | —                  | 1             |                | —                 | 2             |                |
| EBITDA from discontinued operations   | (106)              | 213           |                | (229)             | (525)         |                |
| Noncontrolling interest of discontinued operations                            | —                  | (21)          |                | —                 | 222           |                |
| Fair value adjustments to Venator investment                                  | 148                | —             |                | 90                | —             |                |
| Loss on early extinguishment of debt  | —                  | —             |                | 23                | 3             |                |
| Certain legal settlements and related expenses                                | 1                  | 1             |                | 1                 | 4             |                |
| Certain nonrecurring information technology project implementation costs      | 1                  | —             |                | 1                 | —             |                |
| Amortization of pension and postretirement actuarial losses                   | 17                 | 18            |                | 52                | 52            |                |
| Plant incident remediation costs  | 5                  | —             |                | 5                 | —             |                |
| Restructuring, impairment and plant closing and transition (credits) costs(2) | (43)               | 5             |                | (42)              | 9             |                |
| <b>Adjusted EBITDA(1)</b>   | <u>\$ 216</u>      | <u>\$ 308</u> | (30)%          | <u>\$ 668</u>     | <u>\$ 957</u> | (30)%          |
| Net cash provided by operating activities from continuing operations          |                    |               |                | \$ 424            | \$ 432        | (2)%           |
| Net cash used in investing activities from continuing operations              |                    |               |                | (113)             | (533)         | (79)%          |
| Net cash used in financing activities   |                    |               |                | (420)             | (83)          | 406%           |
| Capital expenditures from continuing operations                               |                    |               |                | (181)             | (148)         | 22%            |

**Huntsman Corporation**

|  | Three months ended<br>September 30, 2019 |                  |                | Three months ended<br>September 30, 2018 |                  |                  |
|--|--|------------------|----------------|--|------------------|------------------|
|  | Gross                                    | Tax and other(3) | Net            | Gross                                    | Tax and other(3) | Net              |
| <b>Reconciliation of net income to adjusted net income</b>                       |  |                  |                |  |                  |                  |
| <b>Net income</b>  |  |                  | \$ 41          |  |                  | \$ (8)           |
| Net income attributable to noncontrolling interests                              |  |                  | (11)           |  |                  | (3)              |
| Business acquisition and integration expenses                                    | \$ 3                                     | \$ (1)           | 2              | \$ 2                                     | \$ —             | 2                |
| Merger costs   | —  | —                | —              | 1  | —                | 1                |
| (Income) loss from discontinued operations(4)                                    | (106)                                    | 38               | (68)           | 213                                      | (8)              | 205              |
| Noncontrolling interest of discontinued operations                               | —  | —                | —              | (21)                                     | —                | (21)             |
| Fair value adjustments to Venator investment                                     | 148                                      | —                | 148            | —  | —                | —                |
| Loss on early extinguishment of debt   | —  | —                | —              | —  | —                | —                |
| Certain legal settlements and related expenses                                   | 1  | —                | 1              | 1  | (1)              | —                |
| Certain nonrecurring information technology project implementation costs         | 1  | —                | 1              | —  | —                | —                |
| Amortization of pension and postretirement actuarial losses                      | 16                                       | (5)              | 11             | 18                                       | (4)              | 14               |
| Release of significant income tax valuation allowances                           | —  | —                | —              | —  | (24)             | (24)             |
| U.S. Tax Reform impact on income tax expense                                     | —  | —                | —              | —  | —                | —                |
| Plant incident remediation costs   | 5  | (1)              | 4              | —  | —                | —                |
| Restructuring, impairment and plant closing and transition (credits) costs(2)    | (43)                                     | 9                | (34)           | 5  | (1)              | 4                |
| <b>Adjusted net income(1)</b>  |  |                  | <u>\$ 95</u>   |  |                  | <u>\$ 170</u>    |
| Weighted average shares-basic  |  |                  | 227.4          |  |                  | 237.9            |
| Weighted average shares-diluted  |  |                  | 227.4          |  |                  | 240.8            |
| Weighted average shares-diluted adjusted   |  |                  | 229.0          |  |                  | 240.8            |
| <b>Basic net income (loss) attributable to Huntsman Corporation per share:</b>   |  |                  |                |  |                  |                  |
| (Loss) income from continuing operations   |  |                  | \$ (0.17)      |  |                  | \$ 0.72          |
| Income (loss) from discontinued operations                                       |  |                  | 0.30           |  |                  | (0.77)           |
| Net income (loss)  |  |                  | <u>\$ 0.13</u> |  |                  | <u>\$ (0.05)</u> |
| <b>Diluted net income (loss) attributable to Huntsman Corporation per share:</b> |  |                  |                |  |                  |                  |
| (Loss) income from continuing operations   |  |                  | \$ (0.17)      |  |                  | \$ 0.72          |
| Income (loss) from discontinued operations                                       |  |                  | 0.30           |  |                  | (0.77)           |
| Net income (loss)  |  |                  | <u>\$ 0.13</u> |  |                  | <u>\$ (0.05)</u> |
| <b>Other non-GAAP measures:</b>  |  |                  |                |  |                  |                  |
| Diluted adjusted net income per share(1)   |  |                  | \$ 0.41        |  |                  | \$ 0.71          |

|   | Nine months ended<br>September 30, 2019 |                  |                | Nine months ended<br>September 30, 2018 |                  |                |
|---|---|------------------|----------------|---|------------------|----------------|
|   | Gross                                   | Tax and other(3) | Net            | Gross                                   | Tax and other(3) | Net            |
| <b>Reconciliation of net income to adjusted net income</b>  |   |                  |                |   |                  |                |
| Net income  |   |                  | \$ 290         |   |                  | \$ 965         |
| Net income attributable to noncontrolling interests   |   |                  | (31)           |   |                  | (288)          |
| Business acquisition and integration expenses   | \$ 4                                    | \$ (1)           | 3              | \$ 10                                   | \$ (2)           | 8              |
| Merger costs  | —                                       | —                | —              | 2                                       | —                | 2              |
| Income from discontinued operations(4)  | (229)                                   | 103              | (126)          | (525)                                   | 188              | (337)          |
| Noncontrolling interest of discontinued operations  | —                                       | —                | —              | 222                                     | —                | 222            |
| Fair value adjustments to Venator investment  | 90                                      | —                | 90             | —                                       | —                | —              |
| Loss on early extinguishment of debt  | 23                                      | (5)              | 18             | 3                                       | (1)              | 2              |
| Certain legal settlements and related expenses  | 1                                       | —                | 1              | 4                                       | (1)              | 3              |
| Certain nonrecurring information technology project implementation costs                                    | 1                                       | —                | 1              | —                                       | —                | —              |
| Amortization of pension and postretirement actuarial losses   | 49                                      | (13)             | 36             | 50                                      | (12)             | 38             |
| Release of significant income tax valuation allowances  | —                                       | —                | —              | —                                       | (119)            | (119)          |
| U.S. Tax Reform impact on income tax expense  | —                                       | 3                | 3              | —                                       | 49               | 49             |
| Impact of Switzerland income tax rate change  | —                                       | 32               | 32             | —                                       | —                | —              |
| Plant incident remediation costs  | 5                                       | (1)              | 4              | —                                       | —                | —              |
| Restructuring, impairment and plant closing and transition (credits) costs(2)                               | (42)                                    | 9                | (33)           | 9                                       | (2)              | 7              |
| <b>Adjusted net income(1)</b>   |   |                  | <u>\$ 288</u>  |   |                  | <u>\$ 552</u>  |
| Weighted average shares-basic   |   |                  | 230.3          |   |                  | 239.1          |
| Weighted average shares-diluted   |   |                  | 232.0          |   |                  | 243.0          |
| <b>Basic net income attributable to Huntsman Corporation per share:</b>                                     |   |                  |                |   |                  |                |
| Income from continuing operations   |   |                  | \$ 0.58        |   |                  | \$ 2.35        |
| Income from discontinued operations   |   |                  | 0.54           |   |                  | 0.48           |
| Net income  |   |                  | <u>\$ 1.12</u> |   |                  | <u>\$ 2.83</u> |
| <b>Diluted net income attributable to Huntsman Corporation per share:</b>                                   |   |                  |                |   |                  |                |
| Income from continuing operations   |   |                  | \$ 0.58        |   |                  | \$ 2.31        |
| Income from discontinued operations   |   |                  | 0.54           |   |                  | 0.48           |
| Net income  |   |                  | <u>\$ 1.12</u> |   |                  | <u>\$ 2.79</u> |
| <b>Other non-GAAP measures:</b>   |   |                  |                |   |                  |                |
| Diluted adjusted net income per share(1)  |   |                  | \$ 1.24        |   |                  | \$ 2.27        |
| Capital expenditures from continuing operations, net of reimbursements(5)                                   |   |                  | \$ (172)       |   |                  | \$ (144)       |
| Net cash provided by operating activities from continuing operations  |   |                  | \$ 434         |   |                  | \$ 446         |
| Capital expenditures from continuing operations   |   |                  | (181)          |   |                  | (148)          |
| All other investing activities from continuing operations, excluding acquisition and disposition activities |   |                  | 5              |   |                  | —              |
| Non-recurring merger costs  |   |                  | —              |   |                  | 2              |
| Free cash flow from continuing operations(1)  |   |                  | <u>\$ 258</u>  |   |                  | <u>\$ 300</u>  |

**Huntsman International**

|   | Three months ended<br>September 30, 2019 |                  |              | Three months ended<br>September 30, 2018 |                  |               |
|---|--|------------------|--------------|--|------------------|---------------|
|   | Gross                                    | Tax and other(3) | Net          | Gross                                    | Tax and other(3) | Net           |
| <b>Reconciliation of net income to adjusted net income</b>                    |  |                  |              |  |                  |               |
| Net income (loss)   |  |                  | \$ 38        |  |                  | \$ (11)       |
| Net income attributable to noncontrolling interests                           |  |                  | (11)         |  |                  | (3)           |
| Business acquisition and integration expenses                                 | \$ 3                                     | \$ (1)           | 2            | \$ 2                                     | \$ —             | 2             |
| Merger costs  | —  | —                | —            | 1  | —                | 1             |
| (Income) loss from discontinued operations(4)                                 | (106)                                    | 38               | (68)         | 213                                      | (8)              | 205           |
| Noncontrolling interest of discontinued operations                            | —  | —                | —            | (21)                                     | —                | (21)          |
| Fair value adjustments to Venator investment                                  | 148                                      | —                | 148          | —  | —                | —             |
| Loss on early extinguishment of debt  | —  | —                | —            | —  | —                | —             |
| Certain legal settlements and related expenses                                | 1  | —                | 1            | 1  | (1)              | —             |
| Certain nonrecurring information technology project implementation costs      | 1  | —                | 1            | —  | —                | —             |
| Amortization of pension and postretirement actuarial losses                   | 17                                       | (5)              | 12           | 18                                       | (4)              | 14            |
| Release of significant income tax valuation allowances                        | —  | —                | —            | —  | (24)             | (24)          |
| U.S. Tax Reform impact on income tax expense                                  | —  | —                | —            | —  | —                | —             |
| Plant incident remediation costs  | 5  | (1)              | 4            | —  | —                | —             |
| Restructuring, impairment and plant closing and transition (credits) costs(2) | (43)                                     | 9                | (34)         | 5  | (1)              | 4             |
| <b>Adjusted net income(1)</b>   |  |                  | <u>\$ 93</u> |  |                  | <u>\$ 167</u> |

|   | Nine months ended<br>September 30, 2019 |                  |               | Nine months ended<br>September 30, 2018 |                  |               |
|---|---|------------------|---------------|---|------------------|---------------|
|   | Gross                                   | Tax and other(3) | Net           | Gross                                   | Tax and other(3) | Net           |
| <b>Reconciliation of net income to adjusted net income</b>                    |   |                  |               |   |                  |               |
| Net income  |   |                  | \$ 281        |   |                  | \$ 956        |
| Net income attributable to noncontrolling interests                           |   |                  | (31)          |   |                  | (288)         |
| Business acquisition and integration expenses                                 | \$ 4                                    | \$ (1)           | 3             | \$ 10                                   | \$ (2)           | 8             |
| Merger costs  | —                                       | —                | —             | 2                                       | —                | 2             |
| Income from discontinued operations(4)  | (229)                                   | 103              | (126)         | (525)                                   | 188              | (337)         |
| Noncontrolling interest of discontinued operations                            | —                                       | —                | —             | 222                                     | —                | 222           |
| Fair value adjustments to Venator investment                                  | 90                                      | —                | 90            | —                                       | —                | —             |
| Loss on early extinguishment of debt  | 23                                      | (5)              | 18            | 3                                       | (1)              | 2             |
| Certain legal settlements and related expenses                                | 1                                       | —                | 1             | 4                                       | (1)              | 3             |
| Certain nonrecurring information technology project implementation costs      | 1                                       | —                | 1             | —                                       | —                | —             |
| Amortization of pension and postretirement actuarial losses                   | 52                                      | (13)             | 39            | 52                                      | (12)             | 40            |
| Release of significant income tax valuation allowances                        | —                                       | —                | —             | —                                       | (119)            | (119)         |
| U.S. Tax Reform impact on income tax expense                                  | —                                       | —                | —             | —                                       | 49               | 49            |
| Impact of Switzerland income tax rate change                                  | —                                       | 32               | 32            | —                                       | —                | —             |
| Plant incident remediation costs  | 5                                       | (1)              | 4             | —                                       | —                | —             |
| Restructuring, impairment and plant closing and transition (credits) costs(2) | (42)                                    | 9                | (33)          | 9                                       | (2)              | 7             |
| <b>Adjusted net income(1)</b>   |   |                  | <u>\$ 279</u> |   |                  | <u>\$ 545</u> |

**Other non-GAAP measures:**

|   |  |  |          |  |  |          |
|---|--|--|----------|--|--|----------|
| Capital expenditures from continuing operations, net of reimbursements(5) |  |  | \$ (172) |  |  | \$ (144) |
|---|--|--|----------|--|--|----------|

NM—Not meaningful

- (1) See “—Non-GAAP Financial Measures.”
- (2) Includes costs associated with transition activities relating to the migration of our information system data centers and the transition of our Textile Effects segment’s production from Basel, Switzerland to a tolling facility. These transition costs were included in either selling, general and administrative expenses or cost of sales on our condensed consolidated statements of operations.
- (3) The income tax impacts, if any, of each adjusting item represent a ratable allocation of the total difference between the unadjusted tax expense and the total adjusted tax expense, computed without consideration of any adjusting items using a with and without approach.
- (4) In addition to income tax impacts, this adjusting item is also impacted by depreciation and amortization expense and interest expense.
- (5) During the nine months ended September 30, 2019 and 2018, capital expenditures from continuing operations of \$181 million and \$148 million, respectively, were reimbursed in part by \$9 million and \$4 million, respectively.

## **Non-GAAP Financial Measures**

Our condensed consolidated financial statements are prepared in accordance with GAAP, which we supplement with certain non-GAAP financial information. These non-GAAP measures should not be considered in isolation or as a substitute for the related GAAP measures, and other companies may define such measures differently. We encourage investors to review our financial statements and the reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures in their entirety and not to rely on any single financial measure. These non-GAAP measures exclude the impact of certain expenses that we do not believe are indicative of our core operating results.

### *Adjusted EBITDA*

Our management uses adjusted EBITDA to assess financial performance. 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 and integration expenses; (b) purchase accounting inventory adjustments; (c) merger costs; (d) EBITDA from discontinued operations; (e) noncontrolling interest of discontinued operations; (f) fair value adjustments to Venator investment; (g) loss on early extinguishment of debt; (h) certain legal settlements and related expenses (income); (i) certain nonrecurring information technology project implementation costs; (j) gain on sale of businesses/assets; (k) amortization of pension and postretirement actuarial losses; (l) plant incident remediation costs; (m) U.S. Tax Reform Act impact on noncontrolling interest; and (n) restructuring, impairment and plant closing and transition costs (credits). We believe that net income of Huntsman Corporation or Huntsman International, as appropriate, is the performance measure calculated and presented in accordance with U.S. GAAP that is most directly comparable to adjusted EBITDA.

We believe adjusted EBITDA is useful to investors in assessing the businesses' ongoing financial performance and provides improved comparability between periods through the exclusion of certain items that management believes are not indicative of the businesses' operational profitability and that may obscure underlying business results and trends. However, this measure should not be considered in isolation or viewed as a substitute for net income of Huntsman Corporation or Huntsman International, as appropriate, or other measures of performance determined in accordance with U.S. GAAP. Moreover, adjusted EBITDA as used herein is not necessarily comparable to other similarly titled measures of other companies due to potential inconsistencies in the methods of calculation. Our management believes this measure is useful to compare general operating performance from period to period and to make certain related management decisions. Adjusted EBITDA is also used by securities analysts, lenders and others in their evaluation of different companies because it excludes certain items that can vary widely across different industries or among companies within the same industry. For example, interest expense can be highly dependent on a company's capital structure, debt levels and credit ratings. Therefore, the impact of interest expense on earnings can vary significantly among companies. In addition, the tax positions of companies can vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the various jurisdictions in which they operate. As a result, effective tax rates and tax expense can vary considerably among companies. Finally, companies employ productive assets of different ages and utilize different methods of acquiring and depreciating such assets. This can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies.

Nevertheless, our management recognizes that there are material limitations associated with the use of adjusted EBITDA in the evaluation of our Company as compared to net income of Huntsman Corporation or Huntsman International, as appropriate, which reflects overall financial performance. For example, we have borrowed money in order to finance our operations and interest expense is a necessary element of our costs and ability to generate revenue. Our management compensates for the limitations of using adjusted EBITDA by using this measure to supplement U.S. GAAP results to provide a more complete understanding of the factors and trends affecting the business rather than U.S. GAAP results alone.

### *Adjusted Net Income*

Adjusted net income is computed by eliminating the after tax amounts related to the following from net income attributable to Huntsman Corporation or Huntsman International, as appropriate: (a) business acquisition and integration expenses; (b) purchase accounting inventory adjustments; (c) merger costs; (d) loss (income) from discontinued operations; (e) noncontrolling interest of discontinued operations; (f) fair value adjustments to Venator investment; (g) loss on early extinguishment of debt; (h) certain legal settlements and related (income) expenses; (i) certain nonrecurring information technology project implementation costs; (j) gain on sale of assets; (k) amortization of pension and

postretirement actuarial losses; (l) plant incident remediation costs; (m) release or establishment of significant income tax valuation allowances; (n) U.S. Tax Reform Act impact on income tax expense; (o) U.S. Tax Reform Act impact on noncontrolling interest; (p) impact of Switzerland income tax rate change; and (q) restructuring, impairment and plant closing and transition costs (credits). Basic adjusted net income per share excludes dilution and is computed by dividing adjusted net income by the weighted average number of shares outstanding during the period. Adjusted diluted net income per share reflects all potential dilutive common shares outstanding during the period and is computed by dividing adjusted net income by the weighted average number of shares outstanding during the period increased by the number of additional shares that would have been outstanding as dilutive securities. Adjusted net income and adjusted net income per share amounts are presented solely as supplemental information.

#### *Capital Expenditures, Net of Reimbursements*

Capital expenditures, net of reimbursements, represent cash paid for capital expenditures less payments received as reimbursements from customers and joint venture partners.

#### *Free Cash Flow*

Management internally uses a free cash flow measure: (a) to evaluate our liquidity, (b) evaluate strategic investments, (c) plan stock buyback and dividend levels and (d) evaluate our ability to incur and service debt. Free cash flow is not a defined term under U.S. GAAP, and it should not be inferred that the entire free cash flow amount is available for discretionary expenditures. The Company defines free cash flow as cash flows provided by operating activities from continuing operations and used in investing activities from continuing operations, excluding acquisition/disposition activities and including non-recurring separation costs. Free cash flow is typically derived directly from the Company's consolidated statement of cash flows; however, it may be adjusted for items that affect comparability between periods.

#### *Adjusted Effective Tax Rate*

We believe that the effective tax rate of Huntsman Corporation or Huntsman International, as appropriate, is the performance measure calculated and presented in accordance with U.S. GAAP that is most directly comparable to adjusted effective tax rate. We believe our adjusted effective tax rate provides improved comparability between periods through the exclusion of certain items that management believes are not indicative of the businesses' operational profitability and that may obscure underlying business results and trends. We do not provide reconciliations for adjusted effective tax rate on a forward-looking basis because we are unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing and amount of certain items, such as business acquisition and integration expenses, merger costs, certain legal and other settlements and related costs, gains on sale of business/assets and amortization of pension and postretirement actuarial losses. Each of such adjustments has not yet occurred, is out of our control and/or cannot be reasonably predicted. For the same reasons, we are unable to address the probable significance of the unavailable information.

### **Three Months Ended September 30, 2019 Compared with Three Months Ended September 30, 2018**

As discussed in "Note 4. Discontinued Operations and Business Dispositions—Sale of Chemical Intermediates Businesses" and "Note 4. Discontinued Operations and Business Dispositions—Separation and Deconsolidation of Venator" to our condensed consolidated financial statements, the results from continuing operations exclude the results of our Chemical Intermediates and Businesses and the results of our former polymers, base chemicals and Australian styrenics business for all periods presented, as well as the results of Venator for the 2018 period. The decrease of \$211 million in net income attributable to both Huntsman Corporation and Huntsman International from continuing operations, respectively, was the result of the following items:

- Revenues for the three months ended September 30, 2019 decreased by \$281 million, or 14%, as compared with the 2018 period. The decrease was primarily due to lower average selling prices in all our segments and lower sales volumes in all our segments, except for our Polyurethanes segment. See "—Segment Analysis" below.
- Our gross profit and the gross profit of Huntsman International for the three months ended September 30, 2019 decreased by \$127 million and \$128 million, respectively, or 27% each, as compared with the 2018 period. The decrease resulted from lower gross margins in all our segments. See "—Segment Analysis" below.



- Our operating expenses and the operating expenses of Huntsman International for the three months ended September 30, 2019 decreased by \$7 million and \$9 million, respectively, or 3% and 4%, respectively, as compared with the 2018 period, primarily related to a decrease in selling, general and administrative costs
- Restructuring, impairment and plant closing (credits) costs for the three months ended September 30, 2019 increased to a credit of \$43 million from costs of \$5 million in the 2018 period. In connection with a restructuring program in our Textile Effects segment to close its production facilities and business support offices in Basel, Switzerland, in July 2019, we sold the production facilities and business support offices in Basel and received proceeds of \$49 million.
- For the three months ended September 30, 2019, we recorded a loss of \$148 million in fair value adjustments to our investment in Venator as a result of recording our equity method investment in Venator at fair value. See “Note 4. Business Dispositions—Separation and Deconsolidation of Venator” to our condensed consolidated financial statements.
- Our income tax expense for the three months ended September 30, 2019 increased to \$30 million from \$16 million in the 2018 period. The income tax expense of Huntsman International for the three months ended September 30, 2019 increased to \$29 million from \$15 million in the 2018 period. The increase in tax expense was primarily due to a discrete tax benefit related to the release of valuation allowances in Luxembourg in 2018. Our income tax expense is significantly affected by the mix of income and losses in the tax jurisdictions in which we operate, as impacted by the presence of valuation allowances in certain tax jurisdictions. For further information concerning income taxes, see “Note 18. Income Taxes” to our condensed consolidated financial statements.

**Segment Analysis**

| (Dollars in millions)             | Three months ended |                 | Percent Change |
|-----------------------------------|--------------------|-----------------|----------------|
|                                   | September 30,      |                 |                |
|                                   | 2019               | 2018            |                |
| <b>Revenues</b>                   |                    |                 |                |
| Polyurethanes                     | \$ 993             | \$ 1,126        | (12)%          |
| Performance Products              | 281                | 329             | (15)%          |
| Advanced Materials                | 256                | 279             | (8)%           |
| Textile Effects                   | 179                | 204             | (12)%          |
| Corporate and eliminations        | (22)               | 30              | NM             |
| Total                             | <u>\$ 1,687</u>    | <u>\$ 1,968</u> | (14)%          |
| <b>Huntsman Corporation</b>       |                    |                 |                |
| <b>Segment adjusted EBITDA(1)</b> |                    |                 |                |
| Polyurethanes                     | \$ 146             | \$ 218          | (33)%          |
| Performance Products              | 38                 | 54              | (30)%          |
| Advanced Materials                | 51                 | 56              | (9)%           |
| Textile Effects                   | 16                 | 25              | (36)%          |
| Corporate and other               | (36)               | (45)            | 20%            |
| Total                             | <u>\$ 215</u>      | <u>\$ 308</u>   | (30)%          |
| <b>Huntsman International</b>     |                    |                 |                |
| <b>Segment adjusted EBITDA(1)</b> |                    |                 |                |
| Polyurethanes                     | \$ 146             | \$ 218          | (33)%          |
| Performance Products              | 38                 | 54              | (30)%          |
| Advanced Materials                | 51                 | 56              | (9)%           |
| Textile Effects                   | 16                 | 25              | (36)%          |
| Corporate and other               | (35)               | (45)            | 22%            |
| Total                             | <u>\$ 216</u>      | <u>\$ 308</u>   | (30)%          |

NM—Not meaningful

- (1) For more information, including reconciliation of segment adjusted EBITDA to net income of Huntsman Corporation or Huntsman International, as appropriate, see “Note 20. Operating Segment Information” to our condensed consolidated financial statements.

|   | Three months ended September 30, 2019 vs 2018 |                                     |             |                  |
|---|---|-------------------------------------|-------------|------------------|
|   | Average Selling Price(1)                      |                                     |             |                  |
|   | Local Currency                                | Foreign Currency Translation Impact | Mix & Other | Sales Volumes(2) |
| <b>Period-Over-Period (Decrease) Increase</b> |   |                                     |             |                  |
| Polyurethanes                                 | (13)%   | (2)%                                | 2%          | 1%               |
| Performance Products                          | (5)%  | (2)%                                | 3%          | (11)%            |
| Advanced Materials                            | 1%  | (2)%                                | 4%          | (11)%            |
| Textile Effects                               | (2)%  | (1)%                                | (2)%        | (7)%             |
| Total Company                                 | (15)%   | (2)%                                | 7%          | (4)%             |

|   | Three months ended September 30, 2019 vs June 30, 2019 |                                     |             |                  |
|---|--|-------------------------------------|-------------|------------------|
|   | Average Selling Price(1)                               |                                     |             |                  |
|   | Local Currency   | Foreign Currency Translation Impact | Mix & Other | Sales Volumes(2) |
| <b>Period-Over-Period (Decrease) Increase</b> |  |                                     |             |                  |
| Polyurethanes                                 | (1)%   | —                                   | (1)%        | —                |
| Performance Products                          | (5)%   | —                                   | —           | (1)%             |
| Advanced Materials                            | (1)%   | —                                   | 3%          | (9)%             |
| Textile Effects                               | (9)%   | —                                   | 1%          | (9)%             |
| Total Company                                 | (4)%   | —                                   | 2%          | (3)%             |

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

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

***Polyurethanes***

The decrease in revenues in our Polyurethanes segment for the three months ended September 30, 2019 compared to the same period of 2018 was due to lower MDI average selling prices, partially offset by higher MDI sales volumes. MDI average selling prices decreased primarily due to a decline in component MDI selling prices in China and Europe. MDI sales volumes increased primarily due to the start-up of our new Chinese MDI facility in the third quarter of 2018. The decrease in segment adjusted EBITDA was primarily due to lower MDI margins driven by lower MDI pricing, partially offset by higher MDI sales volumes.

***Performance Products***

The decrease in revenues in our Performance Products segment for the three months ended September 30, 2019 compared to the same period of 2018 was due to lower average selling prices and lower sales volumes. Average selling prices decreased primarily due to lower raw material costs and weakened market conditions. Sales volumes decreased primarily due to weakened market conditions. The decrease in segment adjusted EBITDA was primarily due to lower sales volumes and lower margins, primarily in our ethyleneamines business, partially offset by higher margins in our specialty amines business.

***Advanced Materials***

The decrease in revenues in our Advanced Materials segment for the three months ended September 30, 2019 compared to the same period in 2018 was due to lower sales volumes and lower average selling prices. Sales volumes decreased across most markets primarily due to economic slowdown and customer destocking, particularly in our European region. Average selling prices decreased primarily due to the impact of a stronger U.S. dollar against major international currencies, partially offset by higher local currency selling prices. The decrease in segment adjusted EBITDA was primarily due to lower sales volumes.

### *Textile Effects*

The decrease in revenues in our Textile Effects segment for the three months ended September 30, 2019 compared to the same period of 2018 was due to lower sales volumes and lower average selling prices. Sales volumes decreased due to lower demand primarily resulting from market uncertainties surrounding U.S. and China trade. Average selling prices decreased as a result of competitive market pressures and the impact of a stronger U.S. dollar against major international currencies. The decrease in segment adjusted EBITDA was primarily due to lower sales volumes and higher raw material costs, partially offset by lower fixed costs.

### *Corporate and other*

Corporate and other includes unallocated corporate overhead, unallocated foreign currency 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 and gains and losses on the disposition of corporate assets. For the three months ended September 30, 2019, adjusted EBITDA from Corporate and other for Huntsman Corporation increased by \$9 million to a loss of \$36 million from a loss of \$45 million for the same period of 2018. For the three months ended September 30, 2019, adjusted EBITDA from Corporate and other for Huntsman International increased by \$10 million to a loss of \$35 million from a loss of \$45 million for the same period of 2018. The increase in adjusted EBITDA from Corporate and other resulted primarily from a benefit from a LIFO inventory reserve adjustment, a decrease in corporate overhead costs and a decrease in unallocated foreign currency exchange loss.

### **Nine Months Ended September 30, 2019 Compared with Nine Months Ended September 30, 2018**

As discussed in “Note 4. Discontinued Operations and Business Dispositions—Sale of Chemical Intermediates Businesses” and “Note 4. Discontinued Operations and Business Dispositions—Separation and Deconsolidation of Venator” to our condensed consolidated financial statements, the results from continuing operations exclude the results of our Chemical Intermediates Businesses and the results of our former polymers, base chemicals and Australian styrenics business for all periods presented, as well as the results of Venator for the 2018 period. The decrease of \$429 million in net income attributable to both Huntsman Corporation and Huntsman International from continuing operations, respectively, was the result of the following items:

- Revenues for the nine months ended September 30, 2019 decreased by \$643 million, or 11%, as compared with the 2018 period. The decrease was primarily due to lower average selling prices in all our segments, except for our Textile Effects segment, and lower sales volumes in all our segments, except for our Polyurethanes segment. See “—Segment Analysis” below.
- Our gross profit and the gross profit of Huntsman International for the nine months ended September 30, 2019 decreased by \$340 million and \$343 million, respectively, or 24% each, as compared with the 2018 period. The decrease resulted from lower gross margins in all our segments. See “—Segment Analysis” below.
- Our operating expenses and the operating expenses of Huntsman International for the nine months ended September 30, 2019 decreased by \$16 million and \$19 million, respectively, or 2% and 3%, respectively, as compared with the 2018 period, primarily related to a decrease in acquisition related costs and certain legal related costs.
- Restructuring, impairment and plant closing (credits) costs for the nine months ended September 30, 2019 increased to a credit of \$42 million from costs of \$8 million in the 2018 period. In connection with a restructuring program in our Textile Effects segment to close its production facilities and business support offices in Basel, Switzerland, in July 2019, we sold the production facilities and business support offices in Basel and received proceeds of \$49 million.
- For the nine months ended September 30, 2019, we recorded a loss of \$90 million in fair value adjustments to our investment in Venator, primarily due to a \$91 million loss to record our equity method investment in Venator at fair value. See “Note 4. Discontinued Operations and Business Dispositions—Separation and Deconsolidation of Venator” to our condensed consolidated financial statements.

- Loss on early extinguishment of debt for the nine months ended September 30, 2019 increased to \$23 million from \$3 million in the 2018 period in relation to the early repayment in full of our 2020 Senior Notes in the first quarter of 2019. See “Note 8. Debt—Notes” to our condensed consolidated financial statements.
- Our income tax expense for the nine months ended September 30, 2019 increased to \$113 million from \$41 million in the 2018 period. The income tax expense of Huntsman International for the nine months ended September 30, 2019 increased to \$110 million from \$38 million in the 2018 period. The increase in tax expense was primarily due to discrete items in each period, including tax expense related to the change in tax rate in Switzerland and the non-tax benefitted loss from fair value adjustments to our Venator investment in 2019 and tax benefits related to the release of valuation allowances in Switzerland, Luxembourg and the U.K. in 2018, partially offset by the 2018 additional provisional deemed repatriation transition tax. Our income tax expense is significantly affected by the mix of income and losses in the tax jurisdictions in which we operate, as impacted by the presence of valuation allowances in certain tax jurisdictions. For further information concerning income taxes, see “Note 18. Income Taxes” to our condensed consolidated financial statements.

**Segment Analysis**

|                                   | Nine months<br>ended<br>September 30, |                 | Percent<br>Change |
|-----------------------------------|---------------------------------------|-----------------|-------------------|
|                                   | 2019                                  | 2018            |                   |
| <b>Revenues</b>                   |                                       |                 |                   |
| Polyurethanes                     | \$ 2,931                              | \$ 3,268        | (10)%             |
| Performance Products              | 880                                   | 991             | (11)%             |
| Advanced Materials                | 803                                   | 850             | (6)%              |
| Textile Effects                   | 583                                   | 631             | (8)%              |
| Corporate and eliminations        | (57)                                  | 43              | NM                |
| <b>Total</b>                      | <u>\$ 5,140</u>                       | <u>\$ 5,783</u> | (11)%             |
| <b>Huntsman Corporation</b>       |                                       |                 |                   |
| <b>Segment adjusted EBITDA(1)</b> |                                       |                 |                   |
| Polyurethanes                     | \$ 426                                | \$ 668          | (36)%             |
| Performance Products              | 125                                   | 158             | (21)%             |
| Advanced Materials                | 159                                   | 177             | (10)%             |
| Textile Effects                   | 66                                    | 80              | (18)%             |
| Corporate and other               | (112)                                 | (129)           | 13%               |
| <b>Total</b>                      | <u>\$ 664</u>                         | <u>\$ 954</u>   | (30)%             |
| <b>Huntsman International</b>     |                                       |                 |                   |
| <b>Segment adjusted EBITDA(1)</b> |                                       |                 |                   |
| Polyurethanes                     | \$ 426                                | \$ 668          | (36)%             |
| Performance Products              | 125                                   | 158             | (21)%             |
| Advanced Materials                | 159                                   | 177             | (10)%             |
| Textile Effects                   | 66                                    | 80              | (18)%             |
| Corporate and other               | (108)                                 | (126)           | 14%               |
| <b>Total</b>                      | <u>\$ 668</u>                         | <u>\$ 957</u>   | (30)%             |

NM—Not meaningful

(1) For more information, including reconciliation of segment adjusted EBITDA to net income of Huntsman Corporation or Huntsman International, as appropriate, see “Note 20. Operating Segment Information” to our condensed consolidated financial statements

|   | Nine months ended September 30, 2019 vs 2018 |                                     |             |                  |
|---|--|-------------------------------------|-------------|------------------|
|   | Average Selling Price(1)                     |                                     | Mix & Other | Sales Volumes(2) |
|   | Local Currency                               | Foreign Currency Translation Impact |             |                  |
| <b>Period-Over-Period (Decrease) Increase</b> |  |                                     |             |                  |
| Polyurethanes                                 | (13)%  | (3)%                                | 1%          | 5%               |
| Performance Products                          | (1)%   | (3)%                                | 2%          | (9)%             |
| Advanced Materials                            | 2%   | (4)%                                | 2%          | (6)%             |
| Textile Effects                               | 7%   | (3)%                                | (2)%        | (10)%            |
| Total Company                                 | —  | (3)%                                | (7)%        | (1)%             |

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

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

***Polyurethanes***

The decrease in revenues in our Polyurethanes segment for the nine months ended September 30, 2019 compared to the same period of 2018 was due to lower MDI average selling prices, partially offset by higher MDI sales volumes. MDI average selling prices decreased primarily due to a decline in polymeric MDI selling prices in China and Europe. MDI sales volumes increased primarily due to the start-up of our new Chinese MDI facility in 2018. The decrease in segment adjusted EBITDA was primarily due to lower MDI margins driven by lower MDI pricing.

***Performance Products***

The decrease in revenues in our Performance Products segment for the nine months ended September 30, 2019 compared to the same period of 2018 was due to lower sales volumes and lower average selling prices. Sales volumes decreased primarily due to weakened market conditions. Average selling prices decreased primarily due to lower raw material costs and weakened market conditions. The decrease in segment adjusted EBITDA was primarily due to lower sales volumes and lower margins, primarily in our ethylenamines business, partially offset by higher margins in our specialty amines and maleic anhydride businesses.

***Advanced Materials***

The decrease in revenues in our Advanced Materials segment for the nine months ended September 30, 2019, compared to the same period in 2018 was due to lower sales volumes and lower average selling prices. Sales volumes decreased primarily due to lower sales volumes in our power and automotive related markets, partially offset by favorable product mix effect from sales volumes in our aerospace components market. Average selling prices decreased primarily due to the impact of a stronger U.S. dollar against major international currencies, partially offset by higher local currency selling prices. The decrease in segment adjusted EBITDA was primarily due to lower sales volumes, higher raw material and fixed costs and the impact of a stronger U.S. dollar against major international currencies.

***Textile Effects***

The decrease in revenues in our Textile Effects segment for the nine months ended September 30, 2019 compared to the same period of 2018 was due to lower sales volumes, partially offset by higher average selling prices. Sales volumes decreased primarily due to lower demand resulting from market uncertainties surrounding U.S. and China trade. Average selling prices increased in response to higher raw material costs, partially offset by the impact of a stronger U.S. dollar against major international currencies. The decrease in segment adjusted EBITDA was primarily due to lower sales volumes and higher raw materials costs, partially offset by higher average selling prices and lower fixed costs.

***Corporate and other***

Corporate and other includes unallocated corporate overhead, unallocated foreign currency 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 and gains and losses on the disposition of

corporate assets. For the nine months ended September 30, 2019, adjusted EBITDA from Corporate and other for Huntsman Corporation increased by \$17 million to a loss of \$112 million from a loss of \$129 million for the same period of 2018. For the nine months ended September 30, 2019, adjusted EBITDA from Corporate and other for Huntsman International increased by \$18 million to a loss of \$108 million from a loss of \$126 million for the same period of 2018. The increase in adjusted EBITDA from Corporate and other resulted primarily from a benefit from a LIFO inventory reserve adjustment, a decrease in corporate overhead costs and a decrease in unallocated foreign currency exchange loss.

### **Liquidity and Capital Resources**

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

#### **Cash Flows for the Nine Months Ended September 30, 2019 Compared with Nine Months Ended September 30, 2018**

Net cash provided by operating activities from continuing operations for the nine months ended September 30, 2019 and 2018 was \$434 million and \$446 million, respectively. The decrease in net cash provided by operating activities from continuing operations during the nine months ended September 30, 2019 compared with the same period in 2018 was primarily attributable to decreased operating income as described in “—Results of Operations” above, partially offset by a \$113 million favorable variance in operating assets and liabilities for the nine months ended September 30, 2019 as compared with the same period of 2018.

Net cash used in investing activities from continuing operations for the nine months ended September 30, 2019 and 2018 was \$111 million and \$514 million, respectively. During the nine months ended September 30, 2019 and 2018, we paid \$181 million and \$148 million, respectively, for capital expenditures. During the nine months ended September 30, 2018, we paid \$366 million for the acquisition of a business, net of cash acquired. During the nine months ended September 30, 2019, we received \$49 million in proceeds from the sale of assets in connection with the closure of our Textile Effects facilities in Basel, Switzerland, and we received \$16 million in proceeds from the settlement of the December 3, 2018 sale of Venator ordinary shares to Bank of America N.A.

Net cash used in financing activities for the nine months ended September 30, 2019 and 2018 was \$431 million and \$117 million, respectively. The increase in net cash used in financing activities was primarily due to increased repayments on our 2018 Credit Facility in the 2019 period, the repayment of our 2020 Senior Notes in the first quarter of 2019 and cash paid to acquire the 50% noncontrolling interest that we did not own in the Sasol-Huntsman joint venture. The increase was partially offset by proceeds from the issuance of our 2029 Senior Notes in the first quarter of 2019 and proceeds from the 2019 Term Loan in the third quarter of 2019.

Free cash flow from continuing operations for the nine months ended September 30, 2019 and 2018 were proceeds of cash of \$258 million and \$300 million, respectively. The reduction in free cash flow was attributable to the changes in cash flows from operating and investing activities from continuing operations, excluding acquisition and disposition activities.

**Changes in Financial Condition**

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

|                                      | September 30,<br>2019 | December 31,<br>2018 | Increase<br>(Decrease) | Percent<br>Change |
|--------------------------------------|-----------------------|----------------------|------------------------|-------------------|
| Cash and cash equivalents            | \$ 418                | \$ 340               | \$ 78                  | 23%               |
| Accounts and notes receivable, net   | 1,090                 | 1,183                | (93)                   | (8)%              |
| Inventories                          | 961                   | 1,000                | (39)                   | (4)%              |
| Prepaid expenses                     | 53                    | 58                   | (5)                    | (9)%              |
| Other current assets                 | 99                    | 145                  | (46)                   | (32)%             |
| Current assets held for sale(1)      | 1,108                 | 232                  | 876                    | 378%              |
| Total current assets                 | <u>3,729</u>          | <u>2,958</u>         | <u>771</u>             | <u>26%</u>        |
| Accounts payable                     | 744                   | 793                  | (49)                   | (6)%              |
| Accrued liabilities                  | 406                   | 497                  | (91)                   | (18)%             |
| Current portion of debt              | 132                   | 96                   | 36                     | 38%               |
| Current operating lease liabilities  | 37                    | —                    | 37                     | NM                |
| Current liabilities held for sale(1) | 586                   | 225                  | 361                    | 160%              |
| Total current liabilities            | <u>1,905</u>          | <u>1,611</u>         | <u>294</u>             | <u>18%</u>        |
| Working capital                      | <u>\$ 1,824</u>       | <u>\$ 1,347</u>      | <u>\$ 477</u>          | <u>35%</u>        |

NM—Not meaningful

- (1) The assets and liabilities held for sale are classified as current as of September 30, 2019 because it is probable that the sale of our Chemical Intermediates Businesses will close within a year. For more information, see “Note 4. Discontinued Operations and Business Dispositions—Sale of Chemical Intermediates Businesses” to our condensed consolidated financial statements.

Our working capital increased by \$477 million as a result of the net impact of the following significant changes:

- The increase in cash and cash equivalents of \$78 million resulted from the matters identified on our condensed consolidated statements of cash flows.
- Accounts and notes receivable decreased by \$93 million primarily due to lower revenues in the third quarter of 2019 compared to the fourth quarter of 2018.
- Inventories decreased by \$39 million primarily due to lower inventory costs and volumes.
- Other current assets decreased by \$46 million primarily due to lower bank acceptance drafts.
- Accounts payable decreased by \$49 million primarily due to lower inventory purchases.
- Accrued liabilities decreased by \$91 million primarily due to a decrease in current income taxes payable and the payment of accrued compensation and rebates, partially offset by an increase in accrued interest.
- Current portion of debt increased by \$36 million primarily due to new borrowings under the 2019 Term Loan in the third quarter of 2019, partially offset by increased repayments on our 2018 Revolving Credit Facility.
- Current operating lease liabilities were \$37 million as of September 30, 2019 as a result of the adoption of the new lease standard on January 1, 2019.

#### **Direct and Subsidiary Debt**

See “Note 8. Debt—Direct and Subsidiary Debt” to our condensed consolidated financial statements.

#### **Debt Issuance Costs**

See “Note 8. Debt—Direct and Subsidiary Debt—Debt Issuance Costs” to our condensed consolidated financial statements.

#### **Revolving Credit Facility**

See “Note 8. Debt—Direct and Subsidiary Debt—Revolving Credit Facility” to our condensed consolidated financial statements.

#### **Term Loan Credit Facility**

See “Note 8. Debt—Direct and Subsidiary Debt—Term Loan Credit Facility” to our condensed consolidated financial statements.

#### **A/R Programs**

See “Note 8. Debt—Direct and Subsidiary Debt—A/R Programs” to our condensed consolidated financial statements.

#### **Notes**

See “Note 8. Debt—Direct and Subsidiary Debt—Notes” to our condensed consolidated financial statements.

#### **Note Payable from Huntsman International to Huntsman Corporation**

See “Note 8. Debt—Direct and Subsidiary Debt—Note Payable from Huntsman International to Huntsman Corporation” to our condensed consolidated financial statements.

#### **Compliance with Covenants**

See “Note 8. Debt—Compliance with Covenants” to our condensed consolidated financial statements.

#### **Short-Term and Long-Term Liquidity**

We depend upon our cash, 2018 Revolving Credit Facility, A/R Programs and other debt instruments to provide liquidity for our operations and working capital needs. As of September 30, 2019, we had \$1,707 million of combined cash and unused borrowing capacity, consisting of \$418 million in cash, \$1,193 million in availability under our 2018 Revolving Credit Facility and \$96 million in availability under our A/R Programs. Our liquidity can be significantly impacted by various factors. The following matters had, or are expected to have, a significant impact on our liquidity:

- Cash proceeds from our accounts receivable and inventory, net of accounts payable, were approximately \$72 million for the nine months ended September 30, 2019, as reflected in our condensed consolidated statements of cash flows. We expect volatility in our working capital components to continue.
- During 2019, we expect to spend approximately \$270 million on capital expenditures for continuing operations, including approximately \$15 million for the construction of a new MDI splitting unit in Geismar, Louisiana. The total spend for this project is expected to be approximately \$175 million and completed in 2021. Additionally, during 2019, we expect to spend approximately \$70 million on capital expenditures for the Chemical Intermediates Businesses reported as discontinued operations. Our future expenditures include certain EHS maintenance and upgrades and periodic maintenance and repairs applicable to major units of manufacturing facilities and cost reduction and expansion facilities. We expect to fund spending on all capital expenditures with cash provided by operations.



- While we expect to close on the sale of our Chemical Intermediates Businesses in early 2020, until such closing, we will receive the cash flows as well as fund all required expenditures related to these businesses, including capital expenditures and scheduled maintenance activities. Within these discontinued operations, we estimate that the capitalized maintenance expenditures associated with a multi-year turnaround at the Port Neches, Texas PO/MTBE facility will approximate \$100 million, of which approximately \$20 million will be spent in the second half of 2019 and the remainder in the first half of 2020.
- During the nine months ended September 30, 2019, we made contributions to our pension and postretirement benefit plans of \$67 million. During the remainder of 2019, we expect to contribute an additional amount of approximately \$10 million to these plans.
- On February 7, 2018 and on May 3, 2018, our Board of Directors authorized our Company to repurchase up to an additional \$950 million in shares of our common stock in addition to the \$50 million remaining under our September 2015 share repurchase authorization. Repurchases may be made through the open market, including through accelerated share repurchase programs, or in privately negotiated transactions, and repurchases may be commenced or suspended from time to time without prior notice. Shares of common stock acquired through the repurchase program are held in treasury at cost. During the nine months ended September 30, 2019, we repurchased 9,596,332 shares of our common stock for approximately \$196 million, excluding commissions, under the repurchase program.
- On December 3, 2018, we sold an aggregate of 4,334,389, or 4% of Venator ordinary shares to Bank of America N.A. at a price determined based on the average of the daily volume weighted average price of the ordinary shares over an agreed period. Over this agreed period, we received aggregate proceeds of \$19 million, \$16 million of which was received in the first quarter of 2019. The transaction allowed us to deconsolidate Venator beginning in December 2018, and following this transaction, we retained approximately 49% ownership in Venator. We elected the fair value option to account for our equity method investment in Venator post deconsolidation. Accordingly, in the nine months ended September 30, 2019, we recorded a loss of \$91 million to record our equity method investment in Venator at fair value. Under the fair value option to account for our equity method investment in Venator, amounts recorded in “Fair value adjustments to Venator investment” could fluctuate depending upon the change in market value of Venator common stock. See “Note 4. Discontinued Operations and Business Dispositions—Separation and Deconsolidation of Venator” to our condensed consolidated financial statements.
- On March 13, 2019, Huntsman International completed a \$750 million offering of its 2029 Senior Notes. On March 27, 2019, Huntsman International applied the net proceeds of this offering to redeem in full \$650 million in aggregate principal amount of its 2020 Senior Notes and associated costs and accrued interest of \$21 million and \$12 million, respectively. In addition, we recognized a loss on early extinguishment of debt of \$23 million. See “Note 8. Debt—Direct and Subsidiary Debt—Notes” to our condensed consolidated financial statements.
- On April 18, 2019, we entered into an Amended and Restated European Receivables Loan Agreement and a Master Amendment No. 7 to the U.S. Receivables Loan Agreement to, among other things, extend the respective scheduled termination dates to April 2022. See “Note 8. Debt—Direct and Subsidiary Debt—A/R Programs” to our condensed consolidated financial statements.
- In September 2011, we initiated a restructuring program in our Textile Effects segment to close its production facilities and business support offices in Basel, Switzerland. In July 2019, we sold the production facilities and business support offices in Basel. Accordingly, during the third quarter of 2019, we received proceeds of \$49 million related to this sale and recognized a corresponding gain on disposal of assets of \$49 million.
- On August 7, 2019, we entered into an agreement to sell our Chemical Intermediates Businesses for a purchase price of \$2.0 billion in cash plus up to approximately \$76 million in net underfunded pension and other post-employment benefit liabilities. The purchase price is subject to certain closing and post-closing

working capital and net indebtedness adjustments. We expect this transaction to close in early 2020 and expect proceeds, net of taxes and related costs, to be approximately \$1.6 billion.

- On September 24, 2019, Huntsman International entered into the 2019 Term Loan, pursuant to which Huntsman International borrowed an aggregate principal amount of \$101 million. We used the net proceeds of the 2019 Term Loan to finance the acquisition of the 50% noncontrolling interest that we did not own in the Sasol-Huntsman maleic anhydride joint venture. Borrowings under the 2019 Term Loan will bear interest at an interest rate margin of EURIBO Rate plus 0.75%. Unless earlier terminated or prepaid in accordance with the credit agreement governing the 2019 Term Loan, the 2019 Term Loan will mature on September 22, 2020. The 2019 Term Loan is subject to substantially the same terms and conditions as the 2018 Revolving Credit Facility.
- On September 30, 2019, acquired from Sasol the 50% noncontrolling interest that we did not own in the Sasol-Huntsman maleic anhydride joint venture. We paid Sasol \$100 million, which included acquired cash, net of any debt, and is subject to customary post-closing adjustments. The purchase price was funded from a new 364-day term loan facility.

As of September 30, 2019, we had \$132 million classified as current portion of debt, including \$101 million on our 2019 Term Loan, debt at our variable interest entities of \$30 million and certain other short-term facilities and scheduled amortization payments totaling \$1 million. Although we cannot provide assurances, we intend to renew, repay or extend the majority of these short-term facilities in the next twelve months.

As of September 30, 2019, we had approximately \$352 million of cash and cash equivalents, including restricted cash, held by our foreign subsidiaries, including our variable interest entities. Additionally, we have material intercompany debt obligations owed to us by our non-U.S. subsidiaries. We intend to use cash held in our foreign subsidiaries to fund our local operations. Nevertheless, we could repatriate cash as dividends and the repatriation of cash as a dividend would generally not be subject to U.S. taxation as a result of the U.S. Tax Reform Act. However, such repatriation may potentially be subject to limited foreign withholding taxes.

#### **Critical Accounting Policies**

Our critical accounting policies are presented in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2018.

#### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

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

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.

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 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, 2019, we had approximately \$177 million in notional amount (in U.S. dollar equivalents) outstanding in forward foreign currency contracts.

From time to time, we may purchase interest rate swaps and/or other derivative instruments to reduce the impact of changes in interest rates on our floating-rate exposures. Under interest rate swaps, we agree with other parties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional principal amount. On January 9, 2019, we entered into a six-year \$17 million notional value interest rate hedge with a fixed rate of 2.66%. This swap is designated as a cash flow hedge and the effective portion of the changes in the fair value of the swap is recorded in other comprehensive income. The fair value of this hedge on September 30, 2019 was approximately \$1 million and was recorded in other noncurrent liabilities on our condensed consolidated balance sheets.

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 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 on our condensed consolidated statements of comprehensive income. From time to time, we review such designation of intercompany loans.

We review our non-U.S. dollar denominated debt and derivative instruments to determine the appropriate amounts designated as hedges. As of September 30, 2019, we have designated approximately €480 million (approximately \$525 million) of euro-denominated debt as a hedge of our net investment. For the nine months ended September 30, 2019 and 2018, the amount recognized on the hedge of our net investment was a gain of \$23 million and a gain of \$16 million, respectively, and was recorded in other comprehensive income on our condensed consolidated statements of comprehensive income.

In connection with the December 3, 2018 sale of Venator ordinary shares to Bank of America N.A., we recorded a forward swap. In February 2019, we settled this forward swap and received \$16 million from the counterparty. See "Note 4. Discontinued Operations and Business Dispositions—Separation and Deconsolidation of Venator" and "Note 10. Fair Value" to our condensed consolidated financial statements.

#### **ITEM 4. CONTROLS AND PROCEDURES**

Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 30, 2019. Based on this evaluation, our chief executive officer and chief financial officer have concluded that, as of September 30, 2019, our disclosure controls and procedures were effective, in that they ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and (2) accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

No changes to our internal control over financial reporting occurred during the quarter ended September 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). However, we can only give reasonable assurance that our internal controls over financial reporting will prevent or detect material misstatements on a timely basis. Ineffective internal controls over financial reporting could cause investors to lose confidence in our reported financial information and could result in a lower trading price for our securities.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

There have been no material developments with respect to the legal proceedings referenced in Part I, Item 3 of our Annual Report on Form 10-K for the year ended December 31, 2018.

### **ITEM 1A. RISK FACTORS**

For information regarding risk factors, see “Part I. Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2018. In addition to the risk factors noted in the Annual Report on Form 10-K, the following risk factor is applicable to us.

***The proposed sale of our chemical intermediates and surfactants businesses to Indorama Ventures Holdings L.P. is contingent upon the satisfaction of a number of conditions, will require significant time and attention of our management and may have an adverse effect on us if not completed.***

On August 7, 2019, we entered into a definitive agreement to sell our Chemical Intermediates Businesses to Indorama for a purchase price of \$2.0 billion in cash plus up to approximately \$76 million in net underfunded pension and other post-employment benefit liabilities. Completion of the proposed sale is subject to the satisfaction of various closing conditions, including but not limited to regulatory approvals, such as the approval of the Committee on Foreign Investment in the United States. There can be no assurance that any of such conditions will be satisfied and that the proposed sale will be successfully completed. If we fail to complete the proposed sale, our common stock may experience negative reactions from the financial markets.

In pursuing the proposed sale, our ongoing businesses may be adversely affected, and we may be subject to certain risks and consequences, including, but not limited to, the following:

- execution of the proposed sale has required, and will continue to require, significant time and attention from management, which may postpone the execution of other initiatives that may have been beneficial to us;
- completion of the proposed sale will require strategic, structural and process realignment and restructuring actions within our operations, which could lead to a disruption of our operations, as well as the loss of, or inability to recruit, key personnel needed to operate and grow our businesses;
- completion of the proposed sale may require certain management and procedural redundancies as we prepare for closing, which may result in operating inefficiencies; and
- whether or not the proposed sale is completed, we may be responsible for certain costs and expenses, such as legal, accounting and other professional fees, which may be significant.

Any of these factors could have a material adverse effect on our financial condition, results of operations, cash flows and the price of our common stock.

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

The following table provides information with respect to shares of our common stock that we repurchased as part of our share repurchase program and shares of restricted stock granted under our 2016 Stock Incentive Plan and our Prior Plan that we withheld upon vesting to satisfy our tax withholding obligations during the months ended September 30, 2019.

|           | <b>Total number of shares purchased</b> | <b>Average price paid per share</b> | <b>Total number of shares purchased as part of publicly announced plans or programs(1)</b> | <b>Approximate dollar value of shares that may yet be purchased under the plans or programs(1)</b> |
|-----------|---|-------------------------------------|--|--|
| July      | 1,190                                   | \$ 19.02                            | 1,100  | \$ 608,000,000   |
| August    | 2,914,995                               | 19.04                               | 2,913,283  | 553,000,000  |
| September | 1,142,166                               | 22.10                               | 1,141,695  | 528,000,000  |
| Total     | <u>4,058,351</u>                        | \$ 19.90                            | <u>4,056,078</u>   |  |

- (1) On February 7, 2018 and on May 3, 2018, our Board of Directors authorized our Company to repurchase up to an additional \$950 million in shares of our common stock in addition to the \$50 million remaining under our September 2015 share repurchase authorization. The share repurchase program will be supported by our free cash flow generation. Repurchases may be made in the open market, including through accelerated share repurchase programs, or in privately negotiated transactions, and repurchases may be commenced or suspended from time to time without prior notice. Shares of common stock acquired through the repurchase program are held in treasury at cost. During the nine months ended September 30, 2019, we repurchased 9,596,332 shares of our common stock for approximately \$196 million, excluding commissions, under the repurchase program.

**ITEM 6. EXHIBITS**

See the Exhibit Index at the end of this Quarterly Report on Form 10-Q for exhibits filed with this report.

EXHIBIT INDEX

| Exhibit Number | Exhibit Description  | Incorporated by Reference |         |                 |
|----------------|--|---------------------------|---------|-----------------|
|                |  | Form                      | Exhibit | Filing Date     |
| 2.1            | <a href="#">Equity and Asset Purchase Agreement, dated as of August 7, 2019, by and among Huntsman International LLC, Indorama Ventures Holdings L.P. and Indorama Ventures Public Company Limited</a> | 8-K                       | 2.1     | August 12, 2019 |
| 31.1*          | <a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>   |                           |         |                 |
| 31.2*          | <a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>   |                           |         |                 |
| 32.1*          | <a href="#">Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>   |                           |         |                 |
| 32.2*          | <a href="#">Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>   |                           |         |                 |
| 101.INS*       | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.  |                           |         |                 |
| 101.SCH*       | XBRL Taxonomy Extension Schema   |                           |         |                 |
| 101.CAL*       | XBRL Taxonomy Extension Calculation Linkbase   |                           |         |                 |
| 101.LAB*       | XBRL Taxonomy Extension Label Linkbase   |                           |         |                 |
| 101.PRE*       | XBRL Taxonomy Extension Presentation Linkbase  |                           |         |                 |
| 101.DEF*       | XBRL Taxonomy Extension Definition Linkbase  |                           |         |                 |
| 104            | The cover page from this Quarterly Report on Form 10-Q, formatted in Inline XBRL.  |                           |         |                 |

\* Filed herewith.

**SIGNATURES**

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

Dated: October 25, 2019

HUNTSMAN CORPORATION  
HUNTSMAN INTERNATIONAL LLC

By: \_\_\_\_\_ /s/ SEAN DOUGLAS  
Sean Douglas  
*Executive Vice President and Chief Financial Officer  
and Manager (Principal Financial Officer)*

By: \_\_\_\_\_ /s/ RANDY W. WRIGHT  
Randy W. Wright  
*Vice President and Controller (Authorized Signatory and  
Principal Accounting Officer)*



**CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13A-14(A) and 15D-14(A),  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Peter R. Huntsman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Huntsman Corporation and Huntsman International LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in this report;
4. The registrants' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrants and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter (the registrants' fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting; and
5. The registrants' other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of the registrants' board of directors or board of managers, as applicable (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants' ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

Date: October 25, 2019

/s/ PETER R. HUNTSMAN

Peter R. Huntsman

*Chief Executive Officer*

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**CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13A-14(A) and 15D-14(A),  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sean Douglas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Huntsman Corporation and Huntsman International LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in this report;
4. The registrants' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrants and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter (the registrants' fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting; and
5. The registrants' other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of the registrants' board of directors or board of managers, as applicable (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants' ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

Date: October 25, 2019

/s/ SEAN DOUGLAS  
Sean Douglas  
*Chief Financial Officer*

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Huntsman Corporation and Huntsman International LLC (the "Companies") for the period ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter R. Huntsman, Chief Executive Officer of the Companies, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Companies.

/s/ PETER R. HUNTSMAN

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Peter R. Huntsman  
*Chief Executive Officer*  
October 25, 2019

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Huntsman Corporation and Huntsman International LLC (the "Companies") for the period ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sean Douglas, Chief Financial Officer of the Companies, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Companies.

/s/ SEAN DOUGLAS

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Sean Douglas

*Chief Financial Officer*

October 25, 2019

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