

HUNTSMAN INTERNATIONAL LLC  
Form 10-Q  
August 05, 2010

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[TABLE OF CONTENTS](#)

[Table of Contents](#)

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

**Form 10-Q**

(Mark One)

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

For the quarterly period ended June 30, 2010

OR

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

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

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

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

Huntsman Corporation                      YES                       NO   
Huntsman International LLC              YES                       NO

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

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Huntsman Corporation YES  NO   
Huntsman International LLC YES  NO

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

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

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

Huntsman Corporation YES  NO   
Huntsman International LLC YES  NO

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On July 29, 2010, 239,159,547 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 established 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.

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

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Table of Contents

**HUNTSMAN CORPORATION AND SUBSIDIARIES  
HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES  
QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD  
ENDED JUNE 30, 2010**

**TABLE OF CONTENTS**

	<b>Page</b>
<u>PART I</u>	<u>3</u>
<u>FINANCIAL INFORMATION</u>	<u>3</u>
<u>ITEM 1.</u>	<u>3</u>
<u>Financial Statements:</u>	<u>3</u>
<u>Huntsman Corporation and Subsidiaries:</u>	<u>3</u>
<u>Condensed Consolidated Balance Sheets (Unaudited)</u>	<u>3</u>
<u>Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited)</u>	<u>4</u>
<u>Condensed Consolidated Statements of Cash Flows (Unaudited)</u>	<u>6</u>
<u>Condensed Consolidated Statements of Equity (Unaudited)</u>	<u>8</u>
<u>Huntsman International LLC and Subsidiaries:</u>	<u>9</u>
<u>Condensed Consolidated Balance Sheets (Unaudited)</u>	<u>9</u>
<u>Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited)</u>	<u>10</u>
<u>Condensed Consolidated Statements of Cash Flows (Unaudited)</u>	<u>11</u>
<u>Condensed Consolidated Statements of Equity (Unaudited)</u>	<u>13</u>
<u>Huntsman Corporation and Subsidiaries and Huntsman International LLC and Subsidiaries:</u>	<u>14</u>
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	<u>14</u>
<u>ITEM 2.</u>	<u>71</u>
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>71</u>
<u>ITEM 3.</u>	<u>98</u>
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>98</u>
<u>ITEM 4.</u>	<u>99</u>
<u>Controls and Procedures</u>	<u>99</u>
<u>PART II</u>	<u>100</u>
<u>OTHER INFORMATION</u>	<u>100</u>
<u>ITEM 1.</u>	<u>100</u>
<u>Legal Proceedings</u>	<u>100</u>
<u>ITEM 1A.</u>	<u>100</u>
<u>Risk Factors</u>	<u>100</u>
<u>ITEM 2.</u>	<u>100</u>
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>100</u>
<u>ITEM 6.</u>	<u>101</u>
<u>Exhibits</u>	<u>101</u>

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****HUNTSMAN CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

(In Millions, Except Share and Per Share Amounts)

	June 30, 2010	December 31, 2009
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 766	\$ 1,745
Restricted cash	7	5
Accounts and notes receivable (net of allowance for doubtful accounts of \$54 and \$56, respectively), (\$618 and nil pledged as collateral, respectively)	1,468	1,018
Accounts receivable from affiliates	15	1
Inventories	1,324	1,184
Prepaid expenses	29	42
Deferred income taxes	35	36
Other current assets	129	109
<b>Total current assets</b>	<b>3,773</b>	<b>4,140</b>
Property, plant and equipment, net	3,241	3,516
Investment in unconsolidated affiliates	267	250
Intangible assets, net	107	125
Goodwill	94	94
Deferred income taxes	102	138
Notes receivable from affiliates	7	8
Other noncurrent assets	474	355
<b>Total assets</b>	<b>\$ 8,065</b>	<b>\$ 8,626</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 822	\$ 730
Accounts payable to affiliates	25	25
Accrued liabilities	568	623
Deferred income taxes	2	2
Current portion of debt	168	431
<b>Total current liabilities</b>	<b>1,585</b>	<b>1,811</b>
Long-term debt	3,699	3,781
Notes payable to affiliates	4	5
Deferred income taxes	312	289
Other noncurrent liabilities	795	875
<b>Total liabilities</b>	<b>6,395</b>	<b>6,761</b>
<b>Commitments and contingencies (Notes 14 and 15)</b>		
<b>Equity</b>		

**Huntsman Corporation stockholders' equity:**

Common stock \$0.01 par value, 1,200,000,000 shares authorized, 239,159,547 and 237,225,258 issued and 236,419,475 and 234,081,490 outstanding in 2010 and 2009, respectively	2	2
Additional paid-in capital	3,182	3,155
Unearned stock-based compensation	(15)	(11)
Accumulated deficit	(1,127)	(1,015)
Accumulated other comprehensive loss	(395)	(287)
<b>Total Huntsman Corporation stockholders' equity</b>	<b>1,647</b>	<b>1,844</b>
Noncontrolling interests in subsidiaries	23	21
<b>Total equity</b>	<b>1,670</b>	<b>1,865</b>
<b>Total liabilities and equity</b>	<b>\$ 8,065</b>	<b>\$ 8,626</b>

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

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

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Revenues:</b>				
Trade sales, services and fees, net	\$ 2,280	\$ 1,822	\$ 4,329	\$ 3,495
Related party sales	63	24	108	31
<b>Total revenues</b>	<b>2,343</b>	<b>1,846</b>	<b>4,437</b>	<b>3,526</b>
<b>Cost of goods sold</b>	<b>1,958</b>	<b>1,613</b>	<b>3,771</b>	<b>3,144</b>
<b>Gross profit</b>	<b>385</b>	<b>233</b>	<b>666</b>	<b>382</b>
<b>Operating expenses:</b>				
Selling, general and administrative	208	198	426	392
Research and development	36	36	72	72
Other operating income	(3)	(1)	(1)	(9)
Restructuring, impairment and plant closing costs	17	62	20	76
<b>Total expenses</b>	<b>258</b>	<b>295</b>	<b>517</b>	<b>531</b>
<b>Operating income (loss)</b>	<b>127</b>	<b>(62)</b>	<b>149</b>	<b>(149)</b>
Interest expense, net	(43)	(58)	(104)	(113)
Loss on accounts receivable securitization program		(6)		(10)
Equity income of investment in unconsolidated affiliates	16	1	17	2
Loss on early extinguishment of debt	(7)		(162)	
(Expenses) income associated with the Terminated Merger and related litigation	(1)	844	(1)	837
Other income	1		1	
<b>Income (loss) from continuing operations before income taxes</b>	<b>93</b>	<b>719</b>	<b>(100)</b>	<b>567</b>
Income tax expense	(39)	(311)	(5)	(449)
<b>Income (loss) from continuing operations</b>	<b>54</b>	<b>408</b>	<b>(105)</b>	<b>118</b>
Income (loss) from discontinued operations,	62	(2)	49	(6)

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net of tax				
<b>Net income (loss)</b>	116	406	(56)	112
Net (income) loss attributable to noncontrolling interests	(2)		(2)	4
<b>Net income (loss) attributable to Huntsman Corporation</b>	\$ 114	\$ 406	\$ (58)	\$ 116
<b>Net income (loss)</b>	\$ 116	\$ 406	\$ (56)	\$ 112
Other comprehensive (loss) income	(64)	130	(108)	48
<b>Comprehensive income (loss)</b>	52	536	(164)	160
Comprehensive (income) loss attributable to noncontrolling interests	(2)		(2)	4
<b>Comprehensive income (loss) attributable to Huntsman Corporation</b>	\$ 50	\$ 536	\$ (166)	\$ 164