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## Huntsman's LBO back to bite banks

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The lawsuit is back on! Huntsman Corp. (NYSE:HUN) won a Texas court's blessing to [continue its lawsuit](#) against Credit Suisse Group and Deutsche Bank AG (NYSE:DB), the banks that refused to finance the company's [busted LBO](#). With the bank's motions to dismiss overcome, Huntsman said it plans to sue for damages in the full amount shareholders would have received had the take-private gone forward -- \$3.6 billion for its agreement with Basell Holdings BV and \$4.6 billion for its deal with Hexion Specialty Chemicals Inc.

The company has already won \$1 billion in cash from Hexion and its private equity owner Apollo Management LP, who backed out of the take-private last year as the economic assumptions around the deal crumbled.

Still, the \$1 billion from Apollo and whatever it might win from the banks will come as small solace to Huntsman's shareholders who have seen nearly \$6 billion of shareholder value evaporate. Back in June 2007, just before the credit crunch began, Huntsman agreed to a \$9.6 billion, \$25.25 per share, offer from Dutch chemical company Basell. That 34% premium was topped nine days later by Hexion with a \$27.25 per share offer that it ultimately boosted to \$28. The deal was a coup for Huntsman's controlling shareholders, the father and son team of Jon and Peter Huntsman, and vulture fund MatlinPatterson Global Opportunities Partners LP, which had helped bail out the company several years earlier.

However the freezing of the credit markets only a month later gave Apollo and Hexion buyer's remorse and prompted them to try and break the deal through a MAC clause, and things got ugly fast. The Huntsmans took to television to attack Apollo founders Leon Black and Joshua Harris personally, and filed a tort action in Texas seeking \$3 billion in damages, plus punitive damages, for fraud and tortious interference. The lawsuit against Apollo has since been settled out of court, but the company maintained its tort claims against Credit Suisse and Deutsche Bank and will now get their day in court on June 8.

The stock, however, has fallen as low as \$2.03 and closed at \$5.74 on Monday. - *George White*

[See Huntsman press release](#)

[See story on Huntsman's busted LBO in The Deal magazine](#)

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