Huntsman CORP
Form S-1/A
February 10, 2005

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As filed with the Securities and Exchange Commission on February 10, 2005

Registration No. 333-120749

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 5
to

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Huntsman Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware	**2800**	**42-1648585**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

500 Huntsman Way
Salt Lake City, UT 84108
(801) 584-5700
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Samuel D. Scruggs
Executive Vice President, General Counsel and Secretary
Huntsman Corporation
500 Huntsman Way
Salt Lake City, UT 84108
(801) 584-5700
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box: o

CALCULATION OF REGISTRATION FEE

Title of Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Common Stock, $0.01 par value	$ 1,472,784,116	$ 185,471
Mandatory Convertible Preferred Stock, $0.01 par value(4)	287,500,000	$ 36,206
Total	$ 1,760,284,116	$ 221,677

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) promulgated under the Securities Act. Includes proceeds from the sale of shares of common stock and preferred stock that the underwriters have the option to purchase to cover over-allotments, if any, and proceeds from the sale of shares by the selling stockholder.

(2) The proposed maximum offering price of each security will be determined by the registrant in connection with, and at the time of, the issuance of the securities.

(3) Previously paid.

(4) This registration statement also registers the shares of common stock that are issuable upon conversion of the mandatory convertible preferred stock registered hereby. Based upon an initial public offering price of the common stock registered hereby equal to the bottom of the range indicated on the cover of the prospectus contained herein, it is expected that an aggregate of up to 13,690,477 shares of common stock may be issuable upon the conversion of such mandatory convertible preferred stock. The number of shares of common stock issuable upon such conversion is subject to adjustment upon the occurrence of certain changes in the trading price of such shares, stock dividends, stock splits, and other events described herein and will vary based on the initial public offering price of the common stock registered hereby. Pursuant to Rule 416 under the Securities Act, the number of shares of common stock to be registered includes an indeterminable number of shares of common stock that may become issuable upon conversion of the mandatory convertible preferred stock as a result of such adjustments.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

EXPLANATORY NOTE

This registration statement contains a prospectus relating to an offering of shares of the common stock of Huntsman Corporation (the "Common Stock Prospectus"), together with separate prospectus pages relating to a concurrent offering of shares of mandatory convertible preferred stock of Huntsman Corporation (the "Preferred Stock Prospectus"). The complete Common Stock Prospectus immediately follows this page. Following the Common Stock Prospectus are alternate pages for the Preferred Stock Prospectus, including:

- the front and back cover pages;
- pages of the "Prospectus Summary" section, describing the offering of mandatory convertible preferred stock;
- pages containing additional risk factors applicable only to the ownership of the mandatory convertible preferred stock;
- pages containing a description of the mandatory convertible preferred stock;
- pages containing a description of certain U.S. federal income tax consequences of holding shares of the mandatory convertible preferred stock; and
- pages comprising the section entitled "Underwriting" relating to the offering of the mandatory convertible preferred stock.

The complete prospectus for each of the common stock offering and the mandatory convertible preferred stock offering will be filed with the Securities and Exchange Commission in accordance with Rule 424 under the Securities Act of 1933, as amended.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED FEBRUARY , 2005

P R O S P E C T U S

Huntsman Corporation

55,681,819 Shares

Common Stock

This is an initial public offering of our common stock. We currently expect the initial public offering price to be between $21.00 and $23.00 per share. We have applied to have the common stock listed on the New York Stock Exchange under the symbol "HUN."

We are selling 51,136,364 shares of common stock and the selling stockholder named in this prospectus is selling 4,545,455 shares. We will not receive any proceeds from the sale of shares by the selling stockholder.

The selling stockholder has granted the underwriters an option to purchase up to 8,352,273 additional shares of common stock to cover over-allotments.

Concurrently with this offering, we are also making a public offering of our mandatory convertible preferred stock. We have applied to have the mandatory convertible preferred stock listed on the New York Stock Exchange under the symbol "HUNPr." The sale of common stock is not contingent on the completion of our concurrent mandatory convertible preferred stock offering.

Investing in our common stock involves risks. See "Risk Factors" on page 18.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	$	$
Underwriting Discount	$	$
Proceeds to Huntsman Corporation (before expenses)	$	$
Proceeds to the Selling Stockholder (before expenses)	$	$

The underwriters expect to deliver the shares to purchasers on or about , 2005.

Joint Book-runners

Citigroup

Credit Suisse First Boston

Merrill Lynch & Co.

Deutsche Bank Securities

JPMorgan **Lehman Brothers** **UBS Investment Bank**

CIBC World Markets **Jefferies & Company, Inc.** **Natexis Bleichroeder Inc.** **Scotia Capital** **WR Hambrecht + Co**

The date of this prospectus is , 2005.

Until , 2005 (25 days after the date of this prospectus), all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to unsold allotments or subscriptions.

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

Industry and Market Data

This prospectus includes information with respect to market share, industry conditions and forecasts that we obtained from internal industry research, publicly available information (including industry publications and surveys), and surveys and market research provided by consultants (including Nexant, Inc., an international consulting and research firm ("Nexant"), Chemical Market Associates, Inc., an international consulting and research firm ("CMAI"), International Business Management Associates, an industry research and consulting firm ("IBMA"), and others). The publicly available information and the reports, forecasts and other research provided by consultants generally state that the information contained therein has been obtained from sources believed to be reliable. Our internal research and forecasts are based upon our management's understanding of industry conditions, and such information has not been verified by any independent sources. As is noted, certain statements in this prospectus are based on information provided by consultants that we commissioned to provide us with the referenced information.

PROSPECTUS SUMMARY

The following summary highlights selected information from this prospectus and does not contain all of the information that you should consider before investing in our common stock. This prospectus contains information regarding our businesses and detailed financial information. You should carefully read this entire prospectus, including the historical and pro forma financial statements and related notes, before making an investment decision.

Huntsman Corporation is a new company formed to hold the existing businesses of Huntsman Holdings, LLC. Concurrently with the consummation of this offering, Huntsman Holdings, LLC will become a wholly owned subsidiary of Huntsman Corporation as part of a series of transactions we refer to as the "Reorganization Transaction." The pro forma and pro forma as adjusted financial data included in this prospectus give effect to the transactions described in "Unaudited Pro Forma Financial Data."

We are concurrently offering shares of our common stock and our mandatory convertible preferred stock. The closing of our initial public offering of common stock is not conditioned upon the closing of our offering of mandatory convertible preferred stock, but the closing of our offering of mandatory convertible preferred stock is conditioned upon the closing of our initial public offering of common stock. Unless the context requires otherwise, in this prospectus the term "offering" refers to both our offering of common stock and our offering of mandatory convertible preferred stock.

In this prospectus, "Huntsman Corporation," the "company," "we," "us" or "our" refers to Huntsman Corporation and its subsidiaries, including our predecessor Huntsman Holdings, LLC, after giving effect to the Reorganization Transaction, except where the context makes clear that the reference is only to Huntsman Corporation itself and not its subsidiaries. Huntsman Holdings, LLC has conducted its operations through three principal subsidiaries: Huntsman LLC, Huntsman International Holdings LLC and Huntsman Advanced Materials LLC. In this prospectus, the term "HLLC" refers to Huntsman LLC and, unless the context otherwise requires, its subsidiaries, the term "HIH" refers to Huntsman International Holdings LLC and, unless the context otherwise requires, its subsidiaries, and the term "Advanced Materials" refers to Huntsman Advanced Materials LLC and, unless the context otherwise requires, its subsidiaries. A glossary of chemical abbreviations used in this prospectus is set forth on page 192.

Overview

We are among the world's largest global manufacturers of differentiated and commodity chemical products. We manufacture a broad range of chemical products and formulations, which we market in more than 100 countries 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, durable and non-durable consumer products, electronics, medical, packaging, paints and coatings, power generation, refining and synthetic fiber industries. We are a leading global producer in many of our key product lines, including MDI, amines, surfactants, epoxy-based polymer formulations, maleic anhydride and titanium dioxide. We operate 63 manufacturing facilities located in 22 countries and employ over 11,500 associates. Our businesses benefit from significant vertical integration, large production scale and proprietary manufacturing technologies, which allow us to maintain a low-cost position. We had pro forma revenues for the nine months ended September 30, 2004 and the year ended December 31, 2003 of $8,357.7 million and $9,252.4 million, respectively.

Our Products and Segments

Our business is organized around our six segments: Polyurethanes, Advanced Materials, Performance Products, Pigments, Polymers and Base Chemicals. These segments can be divided into two broad categories: differentiated and commodity. We produce differentiated products primarily in our Polyurethanes, Advanced Materials and Performance Products segments. These products serve diverse end markets and are generally characterized by historical growth rates in excess of GDP growth

rates resulting from product substitution and new product development, proprietary manufacturing processes and product formulations and a high degree of customer loyalty. While the demand for these differentiated products is also influenced by worldwide economic conditions and GDP growth, our differentiated products have tended to produce more stable profit margins and higher demand growth rates than our commodity products.

In our commodity chemical businesses, we produce titanium dioxide derived from titanium-bearing ores in our Pigments segment and petrochemical-based olefins, aromatics and polyolefins products in our Polymers and Base Chemicals segments. Certain industry fundamentals have recently improved and, according to Nexant and IBMA, point to increased profitability in the markets for the major commodity products that we manufacture.

The following charts set forth information regarding the revenues and EBITDA of our six business segments for the nine months ended September 30, 2004:

Segment Revenues*	**Segment EBITDA***

*

Percentage allocations in the segment revenues chart above reflect the allocation of all inter-segment revenue eliminations to our Base Chemicals segment. Percentage allocations in the segment EBITDA chart above do not give effect to $54.1 million of corporate and other unallocated items and exclude $202.4 million of restructuring and plant closing costs. For a detailed discussion of our EBITDA by segment, see Note 26 to the Consolidated Financial Statements of Huntsman Holdings, LLC included elsewhere in this prospectus. For a discussion of EBITDA and a reconciliation of EBITDA to net income, see "Summary Historical and Pro Forma As Adjusted Financial Data."

The following table identifies the key products, their principal end markets and applications and representative customers of each of our segments:

Segment	Products	End Markets and Applications	Representative Customers
Polyurethanes	MDI, PO, polyols, PG, TDI, TPU, aniline and MTBE	automotive interiors, refrigeration and appliance insulation, construction products, footwear, furniture cushioning, adhesives, specialized engineering applications and fuel additives	BMW, Collins & Aikman, Electrolux, Firestone, Lear, Louisiana Pacific, Shell, Weyerhauser
Advanced Materials	epoxy resin compounds and formulations; cross-linking, matting and curing agents; epoxy, acrylic and polyurethane-based adhesives and tooling resin formulations	adhesives, aerospace, electrical power transmission, consumer electronics, civil engineering, wind power generation and automotive	ABB, Akzo, BASF, Boeing, Bosch, Cytec, Hexcel, Rohm & Haas, Sherwin Williams
Performance Products	ethyleneamines, ethanolamines, polyetheramines, carbonates, surfactants, LAB, maleic anhydride, EO and EG	detergents, personal care products, agrochemicals, lubricant and fuel additives, paints and coatings, construction, marine and automotive products and PET fibers and resins	ChevronTexaco, Colgate, Ecolab, Henkel, Monsanto, Procter & Gamble, Unilever
Pigments	titanium dioxide	paints and coatings, plastics, paper, printing inks, fibers and ceramics	Akzo, Atofina, Clariant, ICI, Jotun, PolyOne
Polymers	LDPE and LLDPE, polypropylene, EPS, styrene and APAO	flexible and rigid packaging, adhesives and automotive, medical and construction products	Ashland, Kerr, Kimberly Clark, Pliant, Polymer Group, PolyOne, Sealed Air
Base Chemicals	ethylene, propylene, butadiene, benzene, cyclohexane, paraxylene and MTBE	packaging film, polyester and nylon fibers, PVC, cleaning compounds, polymer resins, SBR rubber and fuel additives	Bayer, BP, Bridgestone/Firestone, Dow, DuPontSA, Invista, Goodyear, Nova, Shell, Solvay

Polyurethanes

We are a leading global manufacturer and marketer of a broad range of polyurethane chemicals, including MDI, PO, polyols, PG, TDI and TPU. Polyurethane chemicals are used to produce rigid and flexible foams, as well as coatings, adhesives, sealants and elastomers. We focus on the higher-margin, higher-growth markets for MDI and MDI-based polyurethane systems. Growth in our Polyurethanes

segment has been driven primarily by the continued substitution of MDI-based products for other materials across a broad range of applications. As a result, according to Nexant, global consumption of MDI grew at a compound annual growth rate of 7.3% from 1992 to 2003. According to Nexant, we are the lowest-cost and second-largest producer of MDI in the world. We operate four primary Polyurethanes manufacturing facilities in the U.S. and Europe. We also operate 14 Polyurethanes formulation facilities, which are located in close proximity to our customers worldwide. We have a significant interest in a manufacturing joint venture that has recently begun construction of a low-cost, world-scale, integrated MDI production facility near Shanghai, China.

Advanced Materials

We are a leading global manufacturer and marketer of technologically advanced epoxy, acrylic and polyurethane-based polymer products. We focus on formulations and systems that are used to address customer-specific needs in a wide variety of industrial and consumer applications. Our products are used either as replacements for traditional materials such as metal, wood, clay, glass, stone and ceramics, or in applications where traditional materials do not meet demanding engineering specifications. Our Advanced Materials segment is characterized by the breadth of our product offering, our expertise in complex chemistry, our long-standing relationships with our customers and our ability to develop and adapt our technology and our applications expertise for new markets and new applications. We market over 6,000 products to more than 5,000 customers. We operate 15 Advanced Materials synthesis and formulating facilities in North America, Europe, Asia, South America and Africa.

Performance Products

Our Performance Products segment is organized around three business groups, performance specialties, performance intermediates, and maleic anhydride and licensing, and serves a wide variety of consumer and industrial end markets. In performance specialties, we are a leading global producer of amines, carbonates and certain specialty surfactants. Growth in demand in our performance specialties business tends to be driven by the end-performance characteristics that our products deliver to our customers. These products are manufactured for use in a growing number of niche industrial end uses and have been characterized by growing demand and stable profitability. For example, we are one of two significant global producers of polyetheramines, for which our sales volumes have grown at a compound annual rate of over 13% in the last ten years due to strong demand in a number of industrial applications, such as epoxy curing agents, fuel additives and civil construction materials. In performance intermediates, we consume internally produced and third-party-sourced base petrochemicals in the manufacture of our surfactants, LAB and ethanolamines products, which are primarily used in detergent and consumer products applications and EG, which is primarily used in the production of polyester fibers and PET packaging. We believe we are North America's largest and lowest-cost producer of maleic anhydride. Maleic anhydride is the building block for UPRs, mainly used in the production of fiberglass reinforced resins for marine, automotive and construction products. We operate 16 Performance Products manufacturing facilities in North America, Europe and Australia.

Pigments

We are a leading global manufacturer and marketer of titanium dioxide, which is a white pigment used to impart whiteness, brightness and opacity to products such as paints, plastics, paper, printing inks, fibers and ceramics. According to IBMA, our Pigments segment, which operates under the trade name "Tioxide®," is the fourth largest producer of titanium dioxide in the world, with an estimated 12% of global production capacity, and the largest producer of titanium dioxide in Western Europe, with an estimated 23% of Western European production capacity. We operate eight chloride-based and

sulfate-based titanium dioxide manufacturing facilities located in North America, Europe, Asia and Africa.

Polymers

We manufacture and market polypropylene, polyethylene, EPS, EPS packaging and APAO. We consume internally produced and third-party-sourced base petrochemicals, including ethylene and propylene, as our primary raw materials in the manufacture of these products. In our polyethylene, APAO and certain of our polypropylene product lines, we pursue a targeted marketing strategy by focusing on those customers and end use applications that require customized polymer formulations. We produce these products at our smaller and more flexible Polymers manufacturing facilities and generally sell them at premium prices. In our other product lines, we maintain leading regional market positions and operate cost-competitive manufacturing facilities. We operate six primary Polymers manufacturing facilities in North America and Australia. We are expanding the geographic scope of our polyethylene business and improving the integration of our European Base Chemicals business through the construction of an integrated, low-cost, world-scale LDPE plant to be located adjacent to our existing olefins facility in Wilton, U.K. Upon completion of this facility, which we expect will occur in late 2007, we will consume approximately 50% of the output from our U.K. ethylene unit in the production of LDPE.

Base Chemicals

We are a highly integrated North American and European producer of olefins and aromatics. We consume a substantial portion of our Base Chemicals products, such as ethylene, propylene and benzene, in our Performance Products and Polyurethanes segments. We believe this integration leads to higher operating rates for our Base Chemical assets, improved reliability of raw material supply for our other segments and reduced logistics and transportation costs. We operate four Base Chemicals manufacturing facilities located on the Texas Gulf Coast and in northeast England. These facilities are equipped to process a variety of oil- and natural gas-based feedstocks and benefit from their close proximity to multiple sources of these raw materials. This flexibility allows us to optimize our operating costs. These facilities also benefit from extensive underground storage capacity and logistics infrastructure, including pipelines, deepwater jetties and ethylene liquefaction facilities.

Current Industry Conditions

Over the past several years, the global chemical industry has generally experienced depressed market conditions due to weak demand, lower capacity utilization rates and high, volatile feedstock costs. In 2004, the profitability of the industry generally improved as demand recovered and additions of new manufacturing capacity were limited.

Growth in our Polyurethanes and Advanced Materials segments has been driven by the continued substitution of our products for other materials across a broad range of applications as well as the level of global economic activity. In Polyurethanes, this growth, particularly in Asia, has recently resulted in improved demand and higher industry capacity utilization rates for many of our key products, including MDI. In 2004, the profitability of our Polyurethanes and Advanced Materials segments improved due to increased demand in several of our key industrial end markets, including aerospace, automotive and construction products. This allowed us to increase selling prices, which more than offset increases in the cost of our primary raw materials, including benzene, propylene and chlorine.

In our Performance Products segment, demand for our performance specialties has generally continued to grow at rates in excess of GDP as overall demand is significantly influenced by new product and application development. In 2004, overall demand for most of our performance intermediates was generally stable or improved, but excess surfactant manufacturing capacity in Europe

and a decline in the use of LAB in new detergent formulations limited our ability to increase prices in response to higher raw material costs. In EG, higher industry capacity utilization rates in 2004 due to stronger demand in the PET resin and Asian fiber markets resulted in higher profitability.

Our Pigments segment experienced difficult business conditions throughout 2003 and much of 2004, reflecting soft economic conditions, but industry fundamentals have recently strengthened. This has resulted in higher capacity utilization rates and improved product pricing. IBMA currently expects that titanium dioxide industry operating rates will continue to increase as a result of increased demand from improving economic conditions and a lack of significant new planned capacity additions.

The profitability of our Polymers and Base Chemicals segments has historically been cyclical. The industry has recently operated in a down cycle that resulted from significant new capacity additions, weak demand reflecting soft global economic conditions and high crude oil and natural gas-based raw material costs. Despite continued high feedstock costs, the profitability of our Base Chemicals segment improved in 2004 as demand strengthened and average selling prices and profit margins increased in most of our product lines. Limited new capacity additions have been announced for these products in North America and Western Europe over the next several years. Consequently, Nexant currently expects operating rates and profit margins in the polymers and base chemicals markets to increase as demand continues to recover as a result of improved global economic conditions.

Competitive Strengths

Leading Market Positions in Our Differentiated Product Segments

We derive a substantial portion of our revenues and EBITDA from our Polyurethanes, Advanced Materials and Performance Products segments, which manufacture our differentiated products. For the nine months ended September 30, 2004, these segments accounted for 52% of our revenues and 63% of our segment EBITDA, as described on page 2. We enjoy leading market positions in many of our primary product lines in these segments, including MDI, amines, carbonates, specialty surfactants, maleic anhydride, adhesives and epoxy-based polymer formulations. Demand for many of these products has been relatively resistant to changes in global economic conditions and has historically grown at rates in excess of GDP growth due to new product development and the continued substitution of our products for traditional materials and chemicals. We produce many of these products using our proprietary manufacturing processes, and we own many patents related to our processes, product formulations and their end-use applications. The markets for many of our differentiated products also benefit from a limited number of global producers, significant barriers to entry and a high degree of customer loyalty.

Large Scale, Integrated Manufacturer with Low Cost Operations

We are among the world's largest global manufacturers of chemical products. We operate 63 manufacturing facilities located in 22 countries as well as numerous sales, technical service and research facilities. We believe that the scale of our operations enables us to source raw materials and services that we purchase from third parties on terms more advantageous than those available to our smaller competitors. In addition, we are able to leverage selling, administrative and corporate overhead service platforms in order to reduce the operating costs of our businesses, including those that we have acquired. Our scale has also allowed us to rationalize smaller, less efficient capacity in recent years.

Our businesses also benefit from significant product integration. In 2003, we utilized approximately half of our ethylene production and all our EO production in the manufacturing operations of our Performance Products and Polymers segments. In addition, we utilized substantially all the benzene that we produced in the production of our aromatics and MDI. We believe that our high degree of product integration provides us with a competitive advantage over non-integrated producers by reducing both our exposure to cyclical raw material prices and our raw material transportation costs, as well as

increasing the operating rates of our facilities. We believe our large production scale and integration enable us to manufacture and market our products at costs that are lower than those achieved by smaller, less integrated producers.

Diverse Customer Base Across Broad Geographic Regions

We sell our products to a highly diverse base of customers who are located in all major geographic regions and represent many end-use industry groups. We have thousands of customers in more than 100 countries. We have developed a global presence, with approximately 47% of our pro forma revenues for the year ended December 31, 2003 from North America, approximately 37% from Europe, approximately 12% from the Asia/Pacific region and approximately 4% from South America and other regions. We believe that this diversity limits our dependence on any particular product line, customer, end market or geographic region.

Experienced Management

We are managed by an experienced group of executives, led by Jon M. Huntsman, our Chairman of the Board, and Peter R. Huntsman, our President and Chief Executive Officer. Jon M. Huntsman is the founder of our company and has over 40 years of experience in the chemicals and plastics industries. Peter Huntsman has over 20 years of experience in the chemicals and plastics industries. Both have been instrumental in leading our company through periods of growth and industry cycles. The balance of our executive management team has extensive industry experience and prior work experience at leading chemical and professional services firms, including Imperial Chemical Industries PLC ("ICI"), Texaco, Inc., Mobil Corporation, Bankers Trust Company and Skadden, Arps, Slate, Meagher & Flom LLP. Throughout our history, our management team has demonstrated expertise and entrepreneurial spirit in expanding our businesses, integrating numerous acquisitions and executing on significant cost cutting programs.

Business Strategy

Expand Our Differentiated Segments

Since 1999, we have invested over $500 million in discretionary capital expenditures and completed seven strategic acquisitions to expand our differentiated segments. As a result, for the nine months ended September 30, 2004, these segments produced 52% of our revenues and 63% of our segment EBITDA. We intend to continue to invest our capital in our higher-growth, higher-margin differentiated segments in order to expand the breadth of our product offerings, extend the geographic scope of these businesses and increase our production capacity to meet growing customer demand. As part of this strategy, we have a significant interest in a manufacturing joint venture that has recently begun construction of a world-scale MDI production facility near Shanghai, China. We believe that this will enable us to strengthen our long-standing presence in China and to further capitalize on the growth in demand for MDI in Asia. We intend to continue to invest in our global research and development capabilities in order to meet the increasingly sophisticated needs of our customers in areas of new product development and product application technology. We have recently announced that we will consolidate substantially all of our existing North American Polyurethanes, Advanced Materials and Performance Products research and development, technical service and process technology capabilities in a new, state-of-the-art facility to be constructed in The Woodlands, Texas.

Maximize Cash Generated By Our Commodity Segments

We derived 48% of our revenues and 37% of our segment EBITDA for the nine months ended September 30, 2004 from our Pigments, Polymers and Base Chemicals segments. We believe we have cost-competitive facilities in each of these segments, which produce primarily commodity products. In

periods of favorable market conditions, our commodity businesses have historically generated significant amounts of free cash flow. We intend to continue to selectively invest sufficient capital to sustain the competitive position of our existing commodity facilities and improve their cost structure. In addition, we intend to capitalize on the low-cost position of our Wilton, U.K. olefins facility by constructing a world-scale LDPE facility on an adjacent site.

Continue Focus on Improving Operational Efficiencies

We continuously focus on identifying opportunities to reduce our operating costs and maximize our operating efficiency. We have completed a number of targeted cost reduction programs and other actions since 1999. These programs have included, among other things, the closing of seven high-cost manufacturing units as well as reducing corporate and administrative costs. More recently, we have announced a comprehensive global cost reduction program, which we refer to as "Project Coronado," with a goal of further reducing our annual fixed manufacturing and selling, general and administrative costs by $200 million by 2006. In connection with Project Coronado, we have recently announced the closure of eight smaller, less competitive manufacturing units in our Polyurethanes, Advanced Materials, Performance Products and Pigments segments. These and other actions have resulted in the reduction of approximately 1,500 employees in these businesses since 2000.

Further Reduce Our Indebtedness

We intend to use substantially all of the net proceeds of approximately $1,300 million from the concurrent offerings of our common stock and our mandatory convertible preferred stock, together with cash on hand, to reduce our outstanding indebtedness. This will result in a significant reduction in our annual interest expense. If the profitability of our businesses continues to improve, we intend to further reduce the level of our indebtedness. The amount of any further reductions of our indebtedness will depend on a number of factors, including our future profitability and alternative uses for our available cash.

There are a number of risks that could limit our ability to successfully implement our business strategies, including, but not limited to, our inability to introduce new products or expand the geographic scope of our differentiated segments, our failure to successfully complete the construction of our new facilities in China or the U.K, our failure to effectively implement Project Coronado or any other cost savings initiatives and our inability to further reduce our level of indebtedness. In addition, while we may implement our strategies, the benefits derived from such implementation may be mitigated, in part or in whole, if we suffer from one or more of the risks described in "Risk Factors."

Our History

Jon M. Huntsman founded the predecessor to our company in the early 1970s as a small packaging company. Since then, we have grown through a series of significant acquisitions and now own a global portfolio of commodity and differentiated businesses. In 1993, we purchased the LAB and maleic anhydride businesses of The Monsanto Company. In 1994, we purchased the global chemical business from what was formerly Texaco Inc. In 1997, we purchased our PO business from Texaco. Also in 1997, we acquired Rexene Corporation, significantly increasing the size of our Polymers business. In 1999, we acquired certain polyurethanes, pigments and European petrochemicals businesses from ICI. In 2000, we completed the acquisition of the Morton global TPU business from The Rohm and Haas Company. In 2001, we completed our acquisition of the global ethyleneamines business of Dow Chemical Company, and we completed our acquisition of the Albright & Wilson European surfactants business from Rhodia S.A. In 2003, we completed our acquisition of 88% of our Advanced Materials business through the purchase of Vantico Group S.A., and we now own approximately 90% of Advanced Materials. Approximately $518 million and $867 million of our revenues for 2003 and the nine months ended September 30, 2004, respectively, were attributable to the acquisition of Vantico Group S.A. Due

in part to the financing of these acquisitions, our subsidiaries have accumulated a significant amount of indebtedness, which totaled approximately $6,200.7 million as of September 30, 2004. We have also divested certain non-core businesses, including our packaging subsidiary in 1997 and our global styrenics business in 1998. For the years ended December 31, 2002 and 2003 and the nine months ended September 30, 2004, our net loss was $22.2 million, $319.8 million and $226.5 million, respectively.

The Reorganization Transaction

We will consummate the Reorganization Transaction in connection with the completion of this offering. In the Reorganization Transaction, Huntsman Holdings, LLC will become our wholly owned subsidiary, and the existing beneficial holders of the common and preferred membership interests of Huntsman Holdings, LLC, including the mandatorily redeemable preferred interests, will receive shares of our common stock in exchange for their interests. Huntsman Family Holdings Company LLC ("Huntsman Family Holdings"), which is owned by Jon M. Huntsman and certain members of his family, and MatlinPatterson Global Opportunities Partners L.P., MatlinPatterson Global Opportunities B, L.P. and MatlinPatterson Global Oportunities (Bermuda), L.P. (collectively, "MatlinPatterson") will cause all of the shares of our common stock they are entitled to receive in exchange for their membership interests in Huntsman Holdings, LLC to be delivered to HMP Equity Trust, a new entity formed by Huntsman Family Holdings and MatlinPatterson to hold such shares ("Investments Trust"). Immediately following the Reorganization Transaction and the offering, Investments Trust will hold approximately 65% of our outstanding common stock (based upon an assumed initial public offering price per share of our common stock equal to the midpoint of the range indicated on the cover of this prospectus). The beneficiaries of Investments Trust are Huntsman Family Holdings and MatlinPatterson, and Investments Trust will be controlled by Jon M. Huntsman, Peter R. Huntsman, David J. Matlin and Christopher R. Pechock. In addition, as part of the Reorganization Transaction, the holders of warrants in our subsidiary HMP Equity Holdings Corporation ("HMP") will exchange all of their warrants for shares of our common stock following the completion of the offering. See "Our Company The Reorganization Transaction."

The following chart reflects a summary of our organizational structure immediately prior to the Reorganization Transaction and this offering:

(1) The warrants entitle the holders to purchase up to 12% of the common stock of HMP. As part of the Reorganization Transaction, the warrants will be exchanged for shares of our common stock.

(2) Represents HMP's common equity in Huntsman Advanced Materials LLC. The balance of the common equity of Huntsman Advanced Materials LLC is owned by third parties, including affiliates of SISU Capital Limited. In addition, Huntsman Group Inc. holds preferred equity in Huntsman Advanced Materials LLC with a $513.3 million liquidation preference.

The following chart reflects a summary of our organizational structure immediately after the completion of the Reorganization Transaction and this offering.

(1) Includes the former holders of warrants in HMP.

(2) Based upon an assumed initial public offering price per share of our common stock equal to the midpoint of the range indicated on the cover of this prospectus. See "Our Company The Reorganization Transaction."

(3) Represents our common equity in Huntsman Advanced Materials LLC. The balance of the common equity is owned by third parties, including affiliates of SISU Capital Limited.

(4) In connection with the Reorganization Transaction and this offering, we intend to reorganize the ownership of certain of our operating subsidiaries. We will continue to own 100% of Huntsman International Holdings LLC, and we expect to hold a majority of the interest directly.

The Offering

Issuer	Huntsman Corporation
Common stock offered by us	51,136,364 shares
Common stock offered by the selling stockholder	4,545,455 shares
Common stock to be outstanding after this offering and the Reorganization Transaction	215,909,091 shares
Use of Proceeds	We estimate that the net proceeds to us from this offering and the concurrent offering of our mandatory convertible preferred stock will be approximately $1,300 million. We intend to use all of such proceeds, together with cash on hand, to repay outstanding indebtedness and to purchase approximately $40 million of U.S. treasury securities that we will pledge as collateral to support our obligation to pay dividends on our mandatory convertible preferred stock. See "Use of Proceeds." We will not receive any of the proceeds from the sale of shares of common stock by the selling stockholder.
Proposed New York Stock Exchange Symbol	HUN
Risk Factors	See "Risk Factors" in this prospectus for a discussion of factors you should consider carefully before deciding to invest in our common stock.

Unless we specifically state otherwise, all information in this prospectus:

- assumes no exercise of the over-allotment options granted to the underwriters of our common stock offering and our mandatory convertible preferred stock offering;

- excludes 2,451,322 shares of common stock issuable upon the exercise of options and 773,923 shares of restricted stock to be issued under the Huntsman Stock Incentive Plan upon completion of this offering (in each case assuming an initial public offering price per share of our common stock equal to the midpoint of the range indicated on the cover of this prospectus). The per share exercise price of these options will equal the initial public offering price per share of common stock sold in this offering; and

- excludes up to 11,363,636 shares of common stock (plus up to an additional 1,704,545 shares of common stock if the underwriters exercise their over-allotment option in full) reserved for issuance upon the conversion of our mandatory convertible preferred stock (in each case assuming an initial public offering price per share of our common stock equal to the midpoint of the range indicated on the cover of this prospectus).

Our principal executive offices are located at 500 Huntsman Way, Salt Lake City, Utah 84108, and our telephone number is (801) 584-5700.

Concurrent Mandatory Convertible Preferred Stock Offering

Concurrently with this offering, we are also making a public offering of 5,000,000 shares of our mandatory convertible preferred stock for a public offering price of $50 per share. Such shares will be convertible into an aggregate of up to 11,363,636 shares of our common stock, assuming an initial public offering price per share of our common stock equal to the midpoint of the range indicated on the cover of this prospectus. We have granted the underwriters of that offering an option to purchase up to 750,000 additional shares of mandatory convertible preferred stock to cover over-allotments, which would be convertible into an aggregate of up to 1,704,545 shares of our common stock, assuming an initial public offering price per share of our common stock equal to the midpoint of the range indicated on the cover of this prospectus. We have applied to have the mandatory convertible preferred stock listed on the New York Stock Exchange under the symbol "HUNPr." For a description of the terms of our mandatory convertible preferred stock, see "Concurrent Offering of Mandatory Convertible Preferred Stock."

Recent Developments Expected Results for the Three Months Ended December 31, 2004

We are currently in the process of finalizing our consolidated financial results for the three month period ended December 31, 2004, and therefore final results are not yet available. Based on preliminary unaudited financial results for the three month period ended December 31, 2004, we estimate that our revenues for such three month period will be between $3,000 million and $3,200 million and operating income will be between $150 million and $190 million, including restructuring and plant closing costs of $90 million to $100 million. For the same period in 2003, we had revenues of approximately $2,370 million and operating income of approximately $85 million, including restructuring and plant closing costs of approximately $11 million. We estimate that depreciation and amortization expense for the three month period ended December 31, 2004 will be approximately $127 million as compared to approximately $123 million in the same period in 2003. Our financial results for the three month period ended December 31, 2004 have not been reviewed or audited by our independent registered public accounting firm. Our independent public accounting firm is in the process of conducting its audit with respect to our 2004 financial statements and such audit could result in changes to our preliminary estimates indicated above. The foregoing estimates constitute forward looking statements and are subject to risks and uncertainties, including those described under "Risk Factors" in this prospectus. We cannot assure you that our final results for the three months ended December 31, 2004 will be consistent with the foregoing estimates.

SUMMARY HISTORICAL AND PRO FORMA AS ADJUSTED FINANCIAL DATA

The summary historical financial data set forth below presents the historical financial data of our predecessor Huntsman Holdings, LLC. In such financial data, HIH is accounted for using the equity method of accounting through April 30, 2003. Effective May 1, 2003, as a result of the HIH Consolidation Transaction (as defined below), we have consolidated the financial results of HIH. Effective July 1, 2003, as a result of the AdMat Transaction (as defined below), we have consolidated the financial results of Advanced Materials. As a result, the financial information as of and for the year ended December 31, 2003 is not comparable to the prior years' historical financial data presented herein, and the financial information as of and for the nine months ended September 30, 2004 is not comparable to the financial information as of and for the nine months ended September 30, 2003.

In order to present data that is useful for comparative purposes, we have provided pro forma as adjusted statement of operations data for the year ended December 31, 2003 and the nine months ended September 30, 2003 and 2004, which gives pro forma effect to the following transactions as if each transaction had occurred on January 1, 2003:

- our May 2003 acquisition of the HIH equity interests held by third parties (the "HIH Consolidation Transaction");

- our June 2003 acquisition of an 88% equity interest in our Advanced Materials business and related financing transactions (the "AdMat Transaction"); and

- a series of debt refinancing transactions that took place in 2003 and 2004 (the "Refinancing Transactions") and other adjustments to reflect the interest expense related to our indebtedness as of September 30, 2004, as described in "Unaudited Pro Forma Financial Data,"

and which is adjusted to give effect to the following transactions as if each transaction had occurred on January 1, 2003:

- the Reorganization Transaction; and

- this offering and the use of the net proceeds to us as described in "Use of Proceeds."

We have also provided pro forma as adjusted balance sheet data which gives effect to the following transactions as if each transaction had occurred on September 30, 2004:

- the Refinancing Transactions that occurred subsequent to September 30, 2004;

- the Reorganization Transaction; and

- this offering and the use of the net proceeds to us as described in "Use of Proceeds."

In the Reorganization Transaction, the common and preferred interests of Huntsman Holdings, LLC and the warrants to acquire common stock of HMP (the "HMP Warrants") will be exchanged for shares of our common stock. See "Our Company The Reorganization Transaction."

The unaudited pro forma as adjusted financial data does not purport to be indicative of the combined financial position or results of operations of future periods or indicative of results that would have occurred had the above transactions been completed on the dates indicated.

The summary financial data set forth below should be read in conjunction with the Consolidated Financial Statements, "Management's Discussion and Analysis of Financial Condition and Results of

Operations," "Unaudited Pro Forma Financial Data," and "Selected Historical Financial Data" included elsewhere in this prospectus and, in each case, the notes related thereto.

	Year Ended December 31,				Nine Months Ended September 30,			
				Pro Forma As Adjusted			**Pro Forma As Adjusted**	
	2001	**2002**	**2003**	**2003(a)**	**2003**	**2004**	**2003(a)**	**2004(a)**
	(in millions, except per share amounts)							
Statement of Operations Data:								
Revenues	$ 2,757.4	$ 2,661.0	$ 7,080.9	$ 9,252.4	$ 4,711.1	$ 8,357.7	$ 6,885.2	$ 8,357.7
Cost of goods sold	2,666.6	2,421.0	6,373.1	8,255.1	4,258.7	7,358.0	6,150.1	7,358.0
Gross profit	90.8	240.0	707.8	997.3	452.4	999.7	735.1	999.7
Operating expenses	211.7	174.7	493.4	732.2	333.3	580.9	567.2	580.9
Restructuring, impairment and plant closing costs (credit)	588.5	(1.0)	37.9	55.0	27.2	202.4	44.3	202.4
Operating (loss) income	(709.4)	66.3	176.5	210.1	91.9	216.4	123.6	216.4
Interest expense net	(239.3)	(181.9)	(409.1)	(397.5)	(260.7)	(459.5)	(297.7)	(303.9)
Loss on sale of accounts receivable	(5.9)		(20.4)	(32.4)	(11.9)	(10.2)	(24.0)	(10.2)
Other income (expense)	0.6	(7.6)		(2.2)	0.4	(0.8)	(1.8)	(0.8)
Equity in (loss) income of unconsolidated affiliates	(86.8)	(31.4)	(37.5)	1.5	(38.2)	3.0	0.8	3.0
Income tax benefit (expense)	184.9	(8.5)	(30.8)	(32.1)	3.8	25.7	2.4	25.7
Minority interest in subsidiaries' loss (income)	13.1	(28.8)	1.5	6.8	0.5	(1.1)	5.8	(1.1)
Loss from continuing operations	(842.8)	(191.9)	(319.8)	(245.8)	(214.2)	(226.5)	(190.9)	(70.9)
Cumulative effect of accounting changes(b)	0.1	169.7						
Net loss	$ (842.7)	$ (22.2)	$ (319.8)	$ (245.8)	$ (214.2)	$ (226.5)	$ (190.9)	$ (70.9)
Basic and diluted per common share(c):								
Loss from continuing operations	$ (5.69)	$ (1.42)	$ (2.66)	$ (1.14)	$ (1.82)	$ (1.97)	$ (0.88)	$ (0.33)
Cumulative effect of accounting changes		1.15						
Net loss	$ (5.69)	$ (0.27)	$ (2.66)	$ (1.14)	$ (1.82)	$ (1.97)	$ (0.88)	$ (0.33)
Other Data:								
Net cash provided by (used in) operating activities	$ (287.0)	$ 88.7	$ 225.4		$ (36.8)	$ 55.9		
Net cash (used in) provided by investing activities	86.2	(24.5)	(908.5)		(842.1)	(160.7)		
Net cash provided by (used in) financing activities	182.2	(93.0)	786.7		947.7	128.2		
EBITDA(d)	(590.8)	320.9	473.5	$ 663.5	273.2	617.6	$ 463.3	$ 617.6
Total unusual items of (expense) income included in EBITDA(e)	(602.0)	145.4	(63.3)	(126.2)	(42.1)	(220.6)	(107.1)	(220.6)
Depreciation and amortization	197.5	152.7	353.4	479.7	230.5	410.3	358.9	410.3
Capital expenditures	76.4	70.2	191.0	228.9	129.9	145.0	167.8	145.0
Ratio of earnings to fixed charges and preferred dividends	(f)	(f)	(f)		(f)	(f)		(f)

	Year Ended December 31,	Nine Months Ended September 30,
Balance Sheet Data (at period end):		
Total assets	$ 8,993.8	$ 8,982.9
Total debt	6,200.7	5,134.8
Total liabilities	8,724.4	7,689.4
Stockholders' (deficit) equity	(441.4)	1,264.3

(a) For a description of the pro forma adjustments, see "Unaudited Pro Forma Financial Data."

(b) In 2002, we adopted SFAS No. 141, *"Business Combinations,"* resulting in an increase of $169.7 million in the carrying value of our investment in HIH to reflect the proportionate share of the underlying net assets. In 2001, we adopted SFAS No. 133, *"Accounting for Derivative Instruments and Hedging Activities,"* resulting in a cumulative decrease in net loss of $0.1 million. See Note 2 to the Consolidated Financial Statements of Huntsman Holdings, LLC included elsewhere in this prospectus.

(c)

All shares and per share information have been restated to give effect to the shares of common stock to be issued in respect of the outstanding membership interests in Huntsman Holdings, LLC in connection with the Reorganization Transaction. Pro forma per share information also gives effect to the shares of common stock to be issued in connection with this offering.

(d)

EBITDA is defined as net income (loss) before interest, income taxes, depreciation and amortization. We believe that EBITDA enhances an investor's understanding of our financial performance and our ability to satisfy principal and interest obligations with respect to our indebtedness. However, EBITDA should not be considered in isolation or viewed as a substitute for net income, cash flow from operations or other measures of performance as defined by generally accepted accounting principles in the U.S. ("GAAP"). Moreover, EBITDA as used herein is not necessarily comparable to other similarly titled measures of other companies due to potential inconsistencies in the method of calculation. Our management uses EBITDA to assess financial performance and debt service capabilities. In assessing financial performance, our management reviews EBITDA as a general indicator of economic performance compared to prior periods. Because EBITDA excludes interest, income taxes, depreciation and amortization, EBITDA provides an indicator of general economic performance that is not affected by debt restructurings, fluctuations in interest rates or effective tax rates, or levels of depreciation and amortization. Accordingly, our management believes this type of measurement is useful for comparing general operating performance from period to period and making certain related management decisions. 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. Our management also believes that our investors use EBITDA as a measure of our ability to service indebtedness as well as to fund capital expenditures and working capital requirements. Nevertheless, our management recognizes that there are material limitations associated with the use of EBITDA in the evaluation of our company as compared to net income, which reflects overall financial performance, including the effects of interest, income taxes, depreciation and amortization. EBITDA excludes interest expense. Because we have borrowed money in order to finance our operations, interest expense is a necessary element of our costs and ability to generate revenue. Therefore, any measure that excludes interest expense has material limitations. EBITDA also excludes taxes. Because the payment of taxes is a necessary element of our operations, any measure that excludes tax expense has material limitations. Finally, EBITDA excludes depreciation and amortization expense. Because we use capital assets, depreciation and amortization expense is a necessary element of our costs and ability to generate revenue. Therefore, any measure that excludes depreciation and amortization expense has material limitations. Our management compensates for the limitations of EBITDA by using it to supplement GAAP results to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone. Our management also uses other metrics to evaluate capital structure, tax planning and capital investment decisions. For example, our management uses credit ratings and net debt ratios to evaluate capital structure, effective tax rate by jurisdiction to evaluate tax planning, and payback period and internal rate of return to evaluate capital investments. Our management also uses trade working capital to evaluate its investment in receivables and inventory, net of payables.

We believe that net income (loss) is the performance measure calculated and presented in accordance with GAAP that is most directly comparable to EBITDA and that cash provided by (used in) operating activities is the liquidity measure calculated and presented in accordance with GAAP that is most directly comparable to EBITDA. The following table reconciles EBITDA to our net loss and to our cash provided by (used in) operations:

	Year Ended December 31,				Nine Months Ended September 30,			
				Pro Forma As Adjusted			Pro Forma As Adjusted	
	2001	2002	2003	2003	2003	2004	2003	2004
	(in millions)							
EBITDA	$ (590.8)	$ 320.9	$ 473.5	$ 663.5	$ 273.2	$ 617.6	$ 463.3	$ 617.6
Depreciation and amortization expense	(197.5)	(152.7)	(353.4)	(479.7)	(230.5)	(410.3)	(358.9)	(410.3)
Interest expense, net	(239.3)	(181.9)	(409.1)	(397.5)	(260.7)	(459.5)	(297.7)	(303.9)
Income tax benefit (expense)	184.9	(8.5)	(30.8)	(32.1)	3.8	25.7	2.4	25.7
Net loss	(842.7)	(22.2)	(319.8)	$ (245.8)	(214.2)	(226.5)	$ (190.9)	$ (70.9)
Cumulative effect of accounting changes	(0.1)	(169.7)						
Equity in losses (income) of investment in unconsolidated affiliates	86.8	31.4	37.5		38.2	(3.0)		
Depreciation and amortization expense	197.5	152.7	353.4		230.5	410.3		
Non-cash restructuring, plant closing and asset impairment charges (credits)	528.2	(5.3)	9.7		12.3	109.0		
Non-cash interest	10.4	(5.5)	90.7		44.5	118.0		
Deferred income taxes	(184.5)		(3.6)		(27.8)	(55.8)		
Unrealized gains on foreign currency transactions			(58.3)		(17.4)	(26.1)		
Other, net	(4.3)	34.2	12.2		6.3	6.4		
Changes in operating assets and liabilities	(78.3)	73.1	103.6		(109.2)	(276.4)		
Net cash (used in) provided by operating activities	$ (287.0)	$ 88.7	$ 225.4		$ (36.8)	$ 55.9		

(e)

Included in EBITDA are the following unusual items of (expense) income:

	Year Ended December 31,				Nine Months Ended September 30,			
				Pro Forma As Adjusted			Pro Forma As Adjusted	
	2001	2002	2003	2003	2003	2004	2003	2004
	(in millions)							
Early extinguishment of debt(1)	$ (1.1)	$ (6.7)	$	$	$	$ (1.9)	$	$ (1.9)
Legal and contract settlement expense, net(2)			(2.0)	(5.5)		(6.1)	(5.5)	(6.1)
Loss on sale of accounts receivable(3)	(5.9)		(20.4)	(32.4)	(11.9)	(10.2)	(24.0)	(10.2)
Asset write down(4)			(3.0)	(5.8)	(3.0)		(5.8)	

	Year Ended December 31,				Nine Months Ended September 30,			
Restructuring, impairment and plant closing costs(5)	(588.5)	1.0	(37.9)	(55.0)	(27.2)	(202.4)	(44.3)	(202.4)
Reorganization costs(6)	(6.6)	(18.6)		(27.5)			(27.5)	
Cumulative effect of accounting changes	0.1	169.7						
Total unusual items of (expense) income included in EBITDA	$ (602.0)	$ 145.4	$ (63.3)	$ (126.2)	$ (42.1)	$ (220.6)	$ (107.1)	$ (220.6)

(1) Represents charges, primarily the non-cash write-off of deferred debt issuance costs related to early retirement of debt.

(2) Represents expense recognized in connection with legal settlements and contract terminations. See "Business Legal Proceedings."

(3) We maintain an accounts receivable securitization program under which we grant an undivided interest in certain of our trade accounts receivable to a qualified off-balance sheet entity. We incur losses on the accounts receivable program for the discount on receivables sold into the program and fees and expenses associated with the program. In addition, we retain responsibility for the economic gains and losses on forward contracts mandated by the terms of the program to hedge the currency exposure on the collateral supporting the off-balance sheet debt issued.

(4) Represents non-cash charges for asset impairments not associated with a restructuring program.

(5) Represents cash and non-cash charges for business exit costs, employee termination costs and asset impairments related to various restructuring plans. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Restructuring and Plant Closing Costs" and Note 10 to the Consolidated Financial Statements of Huntsman Holdings, LLC included elsewhere in this prospectus.

(6) Represents costs incurred in connection with debt for equity exchanges and debt and equity restructuring activities.

(f) For the years ended December 31, 2001, 2002 and 2003, earnings were insufficient to cover fixed charges and preferred dividends by $974.8 million, $149.5 million and $339.9 million, respectively. For the nine months ended September 30, 2003 and 2004, earnings were insufficient to cover fixed charges and preferred dividends by $244.0 million and $312.1 million, respectively. For the nine months ended September 30, 2004 on a pro forma as adjusted basis, earnings were insufficient to cover fixed charges and preferred dividends by $125.6 million.

RISK FACTORS

You should carefully consider the risks described below in addition to all other information provided to you in this prospectus before making an investment decision. Any of the following risks could materially and adversely affect our business, results of operations and financial condition.

Risks Related to Our Business

We have a history of losses and may incur losses in the future, which could materially reduce the market price of our stock.

We have incurred net losses in each of the last five fiscal years and in the nine months ended September 30, 2004, and we had an accumulated deficit of $1,470 million as of September 30, 2004. We will need to generate additional revenues and/or significantly reduce costs, including interest expense, in order to avoid additional net losses in future periods. If we do achieve profitability, we may not sustain or increase profitability on a quarterly or annual basis. Failure to achieve or maintain profitability may materially reduce the market price of our stock.

Our available cash and access to additional capital may be limited by our substantial leverage, which could restrict our ability to grow our businesses.

Following this offering, we will have a substantial amount of indebtedness outstanding at our subsidiaries. As of September 30, 2004, on a pro forma as adjusted basis, we had total consolidated outstanding indebtedness of approximately $5,134.8 million (including the current portion of long-term debt). We may incur substantial additional debt from time to time for a variety of purposes. Our outstanding debt could have important consequences for our businesses, including:

- a high degree of debt will make us more vulnerable to a downturn in our businesses, our industry or the economy in general as a significant percentage of our cash flow from operations will be required to make payments on our indebtedness, making it more difficult to react to changes in our business and in market or industry conditions;

- a substantial portion of our future cash flow from operations may be required to be dedicated to the payment of principal and interest on indebtedness, thereby reducing the funds available for other purposes, including the growth of our businesses and the payment of dividends;

- our ability to obtain additional financing may be constrained due to our existing level of debt; and

- part of our indebtedness is, and any future debt may be, subject to variable interest rates, which makes us vulnerable to increases in interest rates.

The existing debt instruments of our subsidiaries contain restrictive covenants that may limit our ability to utilize our cash flow to operate our businesses by restricting our subsidiaries' ability to, among other things, make prepayments of certain debt, pay dividends to us, make investments and merge or consolidate and transfer or sell assets.

As of September 30, 2004, the current portion of our long term debt totaled $54.8 million. We estimate that, on a pro forma as adjusted basis, our annual interest expense for 2004 will be approximately $400 million. As of September 30, 2004, we had combined outstanding variable rate borrowings of approximately $2,500 million. Assuming a 1% increase in interest rates, without giving effect to interest rate hedges, our annual interest rate expense would increase by approximately $25 million. If we are unable to generate sufficient cash flow or are otherwise unable to obtain the funds required to meet payments of principal and interest on our indebtedness, or if we otherwise fail to comply with the various covenants in the instruments governing our indebtedness, we could be in default under the terms of those instruments. In the event of a default, a holder of the indebtedness could elect to declare all the funds borrowed under those instruments to be due and payable together with accrued and unpaid interest, the lenders under our credit facilities could elect to terminate their

commitments thereunder and we or one or more of our subsidiaries could be forced into bankruptcy or liquidation. Any of the foregoing consequences could restrict our ability to grow our business and cause the value of our common stock to decline.

A downgrade in the ratings of the debt securities of our subsidiaries could result in increased interest and other financial expenses related to the borrowings of our subsidiaries and could restrict our access to additional capital or trade credit.

Standard and Poor's Ratings Services and Moody's Investors Service maintain credit ratings for our primary subsidiaries. Each of these ratings is currently below investment grade. Any decision by these or other ratings agencies to downgrade such ratings in the future could result in increased interest and other financial expenses relating to the future borrowings of our subsidiaries and could restrict our ability and the ability of our subsidiaries to obtain additional financing on satisfactory terms. In addition, any downgrade could restrict our access to, and negatively impact the terms of, trade credit extended by our suppliers of raw materials.

We are a holding company, with no revenue generating operations of our own. We depend on the performance of our subsidiaries and their ability to make distributions to us.

We are a holding company with no business operations, sources of income, indebtedness or assets of our own other than our ownership interests in our subsidiaries. Because all our operations are conducted by our subsidiaries, our cash flow and our ability to repay debt that we may incur after this offering and our ability to pay dividends to our stockholders, including the dividends on the mandatory convertible preferred stock that we are offering concurrently with our common stock offering, are dependent upon cash dividends and distributions or other transfers from our subsidiaries. Payment of dividends, distributions, loans or advances by our subsidiaries to us are subject to restrictions imposed by the current and future debt instruments of our subsidiaries. Moreover, our principal operating subsidiaries, HIH, HLLC and Advanced Materials, are financed separately from each other, and the debt instruments of each such subsidiary limit our ability to allocate cash flow or resources from one subsidiary, and its related group of subsidiaries, to another subsidiary group. Further, payments of dividends and other distributions by Advanced Materials are currently subject to the consent of the holders of minority interests in Advanced Materials. In addition, payments or distributions from our subsidiaries could be subject to restrictions on dividends or repatriation of earnings under applicable local law, monetary transfer restrictions and foreign currency exchange regulations in the jurisdictions in which our subsidiaries operate. As of September 30, 2004, on a pro forma as adjusted basis, our subsidiaries had total outstanding indebtedness of approximately $5,134.8 million (including the current portion of long-term debt).

Our subsidiaries are separate and distinct legal entities. Any right that we have to receive any assets of or distributions from any of our subsidiaries upon the bankruptcy, dissolution, liquidation or reorganization of any such subsidiary, or to realize proceeds from the sale of their assets, will be junior to the claims of that subsidiary's creditors, including trade creditors and holders of debt or preferred stock issued by that subsidiary.

Demand for many of our products is cyclical, and we may experience prolonged depressed market conditions for such products.

Historically, the markets for many of our products, particularly our commodity products, have experienced alternating periods of tight supply, causing prices and profit margins to increase, followed by periods of capacity additions, resulting in oversupply and declining prices and profit margins. Currently, several of our markets continue to experience conditions of oversupply, and the pricing of our products in these markets is depressed. Future growth in demand for these products may not be sufficient to alleviate any existing or future conditions of excess industry capacity, and such conditions

may be sustained or further aggravated by anticipated or unanticipated capacity additions or other events.

We derive a substantial portion of our revenue from sales of commodity products. Due to the commodity nature of these products, competition in these markets is based primarily on price and to a lesser extent on performance, product quality, product deliverability and customer service. As a result, we may not be able to protect our market position for these products by product differentiation and may not be able to pass on cost increases to our customers. Historically, the prices for our commodity products have been cyclical and sensitive to relative changes in supply and demand, the availability and price of feedstocks and general economic conditions. Our other products may be subject to these same factors, but, typically, the impact of these factors is greatest on our commodity products.

Significant price volatility or interruptions in supply of our raw materials may result in increased costs that we may be unable to pass on to our customers, which could reduce our profitability.

The prices of the raw materials that we purchase from third parties are cyclical and volatile. We purchase a substantial portion of these raw materials from third party suppliers, and the cost of these raw materials represents a substantial portion of our operating expenses. The prices for a number of these raw materials generally follow price trends of, and vary with market conditions for, crude oil and natural gas feedstocks, which are highly volatile and cyclical. In recent periods, we have experienced significantly higher crude oil prices, which have resulted in increased raw material prices. According to CMAI, the average price of WTI crude oil in the U.S. was $26.09 per barrel in 2002, $31.11 per barrel in 2003 and $39.13 per barrel for the nine months ended September 30, 2004. Similarly, according to CMAI, the average price of natural gas in the U.S. was $3.32 per MMbtu in 2002, $5.45 per MMbtu in 2003 and $5.85 per MMbtu for the nine months ended September 30, 2004.

Although we frequently enter into supply agreements to acquire these raw materials, these agreements typically provide for market based pricing and provide us only limited protection against price volatility. While we attempt to match cost increases with corresponding product price increases, we are not always able to raise product prices immediately or at all. Timing differences between raw material prices, which may change daily, and contract product prices, which in many cases are negotiated only monthly or less often, have had and may continue to have a negative effect on profitability. If any of our suppliers is unable to meet its obligations under present supply agreements, we may be forced to pay higher prices to obtain the necessary raw materials from other sources and we may not be able to increase prices for our finished products to recoup the higher raw materials cost. In addition, if any of the raw materials that we use become unavailable within the geographic area from which they are now sourced, then we may not be able to obtain suitable and cost effective substitutes. Any underlying cost increase that we are not able to pass on to our customers or any interruption in supply of raw materials could increase our costs or decrease our revenues, which could reduce our profitability.

The industries in which we compete are highly competitive, and we may not be able to compete effectively with our competitors that have greater financial resources, which could reduce the trading price of our stock.

The industries in which we operate are highly competitive. Among our competitors are some of the world's largest chemical companies and major integrated petroleum companies that have their own raw material resources. Some of these companies may be able to produce products more economically than we can. In addition, some of our competitors have greater financial resources, which may enable them to invest significant capital into their businesses, including expenditures for research and development. If any of our current or future competitors develops proprietary technology that enables them to produce products at a significantly lower cost, our technology could be rendered uneconomical or obsolete. Moreover, certain of our businesses use technology that is widely available. Accordingly, barriers to entry, apart from capital availability, are low in certain commodity product segments of our

business, and the entrance of new competitors into the industry may reduce our ability to capture improving profit margins in circumstances where capacity utilization in the industry is increasing. Further, petroleum-rich countries have become more significant participants in the petrochemical industry and may expand this role significantly in the future. Increased competition in any of our businesses could compel us to reduce the prices of our products, which could result in reduced profit margins and/or loss of market share and reduce the trading price of our stock.

Our operations involve risks that may increase our operating costs, which could reduce our profitability.

Although we take precautions to enhance the safety of our operations and minimize the risk of disruptions, our operations are subject to hazards inherent in the manufacturing and marketing of differentiated and commodity chemical products. These hazards include: pipeline leaks and ruptures; explosions; fires; severe weather and natural disasters; mechanical failures; unscheduled downtimes; labor difficulties; transportation interruptions; remediation complications; chemical spills; discharges or releases of toxic or hazardous substances or gases; storage tank leaks; and other risks. Some of these hazards can cause bodily injury and loss of life, severe damage to or destruction of property and equipment and environmental damage, and may result in suspension of operations and the imposition of civil or criminal penalties and liabilities. Furthermore, we are subject to present and future claims with respect to workplace exposure, exposure of contractors on our premises as well as other persons located nearby, workers' compensation and other matters.

We maintain property, business interruption and casualty insurance policies which we believe are in accordance with customary industry practices, but we are not fully insured against all potential hazards and risks incident to our business. We maintain property damage and business interruption insurance policies with aggregate limits of $1 billion per occurrence and products liability and sudden and accidental insurance policies with aggregate per occurrence and annual limits of $600 million. We also maintain insurance policies covering other types of risks, including pollution legal liability insurance. Each of these insurance policies is subject to customary exclusions, deductibles and coverage limits. As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially and, in some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we were not fully insured, it could materially increase our operating costs and therefore reduce our profitability.

In addition, we are subject to various claims and litigation in the ordinary course of business. In conjunction with many of our past acquisitions, we have obtained indemnity agreements from the prior owners addressing liabilities that may arise from operations and events prior to our ownership. We are a party to several pending lawsuits and proceedings. It is possible that a judgment could be rendered against us in these cases or others in which we could be uninsured or not covered by indemnity and beyond the amounts that we currently have reserved or anticipate incurring for such matters. See "Business Legal Proceedings" and "Business Environmental, Health and Safety Matters."

Our independent auditors have reported several material weaknesses in our internal controls that, if not remedied, could result in material misstatements in our financial statements, cause investors to lose confidence in our reported financial information and result in a lower trading price of our stock.

In connection with the audit of our financial statements for the year ended December 31, 2003, our independent registered public accounting firm, or auditors, identified several matters that they deemed to be "material weaknesses" in our internal controls as defined in standards established by the American Institute of Certified Public Accountants. The auditors noted that these material weaknesses had led to restatements of the financial statements of certain of our subsidiaries in recent periods.

The principal material weakness identified by our auditors was that our controllership function did not have an adequate formal process in place to gather the data required to prepare the financial statements and disclosures required for the numerous financial reporting requirements of our subsidiaries. Specifically, the auditors noted that there was not a detailed review of the data supporting

the disclosures in our financial statements by a senior member of our controllership function, that supporting documentation for certain disclosures was very limited, that the processes used to aggregate the information varied by subsidiary, without a standard, comprehensive package of supporting disclosure, and that information delivered to senior management and our audit committee was not timely and was often incomplete.

In addition, the auditors noted that we had made a data entry error during the transition of our PO business to the SAP enterprise resource planning system in April 2003. This error, which was not detected until February 2004, led to the restatement of the third quarter 2003 financial statements of certain of our subsidiaries, resulting in a $12.3 million increase in our net loss for the three months ended September 30, 2003. The auditors also noted that during 2003, loss on sale of accounts receivable related to our receivables securitization program was reported incorrectly due to a failure to properly understand certain aspects of the securitization program and a lack of oversight in the accounting for the program. This error led to the restatement of the financial statements of certain of our subsidiaries for the first three quarters of 2003, resulting in a $17.9 million decrease in our net loss for the three months ended March 31, 2003, a $12.3 million decrease in our net loss for the three months ended June 30, 2003 and a $6.4 million decrease in our net loss for the three months ended September 30, 2003.

On October 12, 2004, we announced that we had determined to reclassify certain amounts in our consolidated statements of cash flows caused by errors in the automated process by which we determined the effect and classification of foreign exchange rates, the classification of repayment of debt by a subsidiary and the classification of certain fees paid in connection with the AdMat Transaction on our statements of cash flows. These errors led to a restatement of the financial statements of certain of our subsidiaries for the six months ended June 30, 2004 and the years ended December 31, 2003, 2002 and 2001. These reclassifications had no impact on our consolidated statements of operations or balance sheets.

In connection with the audit of our financial statements for the nine months ended September 30, 2004, our auditors advised us of various matters involving our internal controls, relating to the closing of our books and records, that they considered to be a "reportable condition." Our auditors advised us that they believe this condition contributed to a number of misstatements in our financial statements that individually and in the aggregate were not material. Although our auditors advised us of this reportable condition, they did not judge it to be a material weakness in connection with the audit of our financial statements for the nine months ended September 30, 2004. In conducting such audit our auditors did not undertake to audit our internal controls, and thus we cannot give any assurance that they would not note additional material weaknesses or reiterate the material weaknesses described above had they done so.

We entered into a number of significant transactions in 2003, including the acquisition of the HIH minority interests and the AdMat Transaction, which significantly increased our financial reporting obligations. To improve our financial accounting organization and processes, we appointed a new independent director as the chairman of the audit committee of each of our principal subsidiaries in December 2003. In addition, since the beginning of 2004, we have replaced our Controller and have added 13 new positions in the areas of finance, treasury, internal controls and internal audit, including a Director of Financial Reporting and a Director of Internal Controls. We intend to add two more positions in internal audit before the end of the first quarter of 2005. We have also adopted and implemented additional policies and procedures to strengthen our financial reporting system. However, the process of designing and implementing an effective financial reporting system is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a financial reporting system that is adequate to satisfy our reporting obligations. Upon completion of this offering, we will have had only limited operating experience with the improvements we have made to date. The effectiveness of the measures we have taken to address the material weaknesses described above have not been

independently audited or evaluated. The measures we have taken to date or any measures we take in the future may not be sufficient to remediate the material weaknesses reported by our independent auditors. We may not be able to implement and maintain adequate controls over our financial processes and reporting in the future, which may require us to restate our financial statements in the future. In addition, we may discover additional past, ongoing or future weaknesses or significant deficiencies in our financial reporting system in the future.

Any failure to remediate the material weaknesses or reportable conditions noted by our independent auditors in connection with our audits or to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations or result in material misstatements in our financial statements. Any such failure also could adversely affect the results of the periodic management evaluations and annual auditor attestation reports regarding the effectiveness of our "internal control over financial reporting" that will be required when the SEC's rules under Section 404 of the Sarbanes-Oxley Act of 2002 become applicable to us beginning with our Annual Report on Form 10-K for the year ending December 31, 2005 to be filed in the first quarter of 2006. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could result in a lower trading price of our stock.

We are subject to many environmental and safety regulations that may result in unanticipated costs or liabilities, which could reduce our profitability.

We are subject to extensive federal, state, local and foreign laws, regulations, rules and ordinances relating to pollution, protection of the environment and the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials. Actual or alleged violations of environmental laws or permit requirements could result in restrictions or prohibitions on plant operations, substantial civil or criminal sanctions, as well as, under some environmental laws, the assessment of strict liability and/or joint and several liability. Moreover, changes in environmental regulations could inhibit or interrupt our operations, or require us to modify our facilities or operations. Accordingly, environmental or regulatory matters may cause us to incur significant unanticipated losses, costs or liabilities, which could reduce our profitability. See "Business Environmental, Health and Safety Matters."

In addition, we could incur significant expenditures in order to comply with existing or future environmental or safety laws. Capital expenditures and costs relating to environmental or safety matters will be subject to evolving regulatory requirements and will depend on the timing of the promulgation and enforcement of specific standards which impose requirements on our operations. Capital expenditures and costs beyond those currently anticipated may therefore be required under existing or future environmental or safety laws.

Furthermore, we may be liable for the costs of investigating and cleaning up environmental contamination on or from our properties or at off-site locations where we disposed of or arranged for the disposal or treatment of hazardous materials or from disposal activities that pre-dated our purchase of our businesses. We may therefore incur additional costs and expenditures beyond those currently anticipated to address all such known and unknown situations under existing and future environmental laws. See "Business Environmental, Health and Safety Matters."

Existing or future litigation or legislative initiatives restricting the use of MTBE in gasoline may subject us or our products to environmental liability or materially reduce our sales and/or materially increase our costs.

We produce MTBE, an oxygenate that is blended with gasoline to reduce vehicle air emissions and to enhance the octane rating of gasoline. The use of MTBE is controversial in the U.S. and elsewhere and may be substantially curtailed or eliminated in the future by legislation or regulatory action. For example, California, New York and Connecticut have adopted rules that prohibit the use of MTBE in

gasoline sold in those states as of January 1, 2004. Overall, states that have taken some action to prohibit or restrict the use of MTBE in gasoline account for a substantial portion of the "pre-ban" U.S. MTBE market. Additional phase-outs or other future regulation of MTBE may result in a significant reduction in demand for our MTBE, a material loss in revenues or material increase in compliance costs or expenditures. In addition, a number of lawsuits have been filed, primarily against gasoline manufacturers, marketers and distributors, by persons seeking to recover damages allegedly arising from the presence of MTBE in groundwater. While we have not been named as a defendant in any litigation concerning the environmental effects of MTBE, we may in the future become involved in such litigation, which could cause us to incur significant unanticipated losses, costs or liabilities and therefore reduce our profitability. See "Business Environmental, Health and Safety Matters."

Our results of operations may be adversely affected by fluctuations in currency exchange rates and international business risks.

Some of our subsidiaries conduct a significant portion of their business outside the U.S. These operations outside the U.S. are subject to risks normally associated with international operations. These risks include the need to convert currencies which may be received for our products into currencies in which our subsidiaries purchase raw materials or pay for services, which could result in a gain or loss depending on fluctuations in exchange rates. In addition, we translate our local currency financial results into U.S. dollars based on average exchange rates prevailing during the reporting period or the exchange rate at the end of that period. During times of a strengthening U.S. dollar, our reported international sales and earnings may be reduced because the local currency may translate into fewer U.S. dollars. Because we currently have significant operations located in the United Kingdom and continental Europe, we are primarily exposed to fluctuations in the pound sterling, the euro and the Swiss franc. Furthermore, we anticipate increased exposure to the Chinese renminbi following completion of the construction of our MDI production facilities in China through our Chinese joint ventures, currently expected in 2006.

Other risks of international operations include trade barriers, tariffs, exchange controls, national and regional labor strikes, social and political risks, general economic risks and required compliance with a variety of foreign laws, including tax laws. Furthermore, in foreign jurisdictions where process of law may vary from country to country, we may experience difficulty in enforcing agreements. In jurisdictions where bankruptcy laws and practices may vary, we may experience difficulty collecting foreign receivables through foreign legal systems. The occurrence of these risks could disrupt the businesses of our international subsidiaries, which could significantly affect their ability to make distributions to us.

Our business is dependent on our intellectual property. If our patents are declared invalid or our trade secrets become known to our competitors, our ability to compete may be impaired.

Proprietary protection of our processes, apparatuses and other technology is important to our business. Consequently, we may have to rely on judicial enforcement of our patents and other proprietary rights. While a presumption of validity exists with respect to patents issued to us in the U.S., there can be no assurance that any of our patents will not be challenged, invalidated, circumvented or rendered unenforceable. Furthermore, if any pending patent application filed by us does not result in an issued patent, or if patents are issued to us, but such patents do not provide meaningful protection of our intellectual property, then our ability to compete may be adversely affected. Additionally, our competitors or other third parties may obtain patents that restrict or preclude our ability to lawfully produce or sell our products in a competitive manner, which could result in significantly lower revenues, reduced profit margins and/or loss of market share.

We also rely upon unpatented proprietary know-how and continuing technological innovation and other trade secrets to develop and maintain our competitive position. While it is our policy to enter into confidentiality agreements with our employees and third parties to protect our intellectual

property, these confidentiality agreements may be breached, may not provide meaningful protection for our trade secrets or proprietary know-how, or adequate remedies may not be available in the event of an unauthorized use or disclosure of our trade secrets and know-how. In addition, others could obtain knowledge of our trade secrets through independent development or other access by legal means. The failure of our patents or confidentiality agreements to protect our processes, apparatuses, technology, trade secrets or proprietary know-how could result in significantly lower revenues, reduced profit margins and/or loss of market share.

Loss of key members of our management could disrupt our business.

We depend on the continued employment and performance of our senior executives and other key members of management. If any of these individuals resigns or becomes unable to continue in his present role and is not adequately replaced, our business operations and our ability to implement our growth strategies could be materially disrupted. We generally do not have employment agreements with, and we do not maintain any "key man" life insurance for, any of our executive officers. See "Management."

Terrorist attacks, such as the attacks that occurred on September 11, 2001, the continuing military action in Iraq, general instability in various OPEC member nations, the threat of other attacks or acts of war in the U.S. and abroad and increased security regulations related to our industry could adversely affect our business.

The attacks of September 11, 2001, and subsequent events, including the continuing military action in Iraq, have caused instability in the U.S. and other financial markets and have led, and may continue to lead, to further armed hostilities, prolonged military action in Iraq, or further acts of terrorism in the U.S. or abroad, which could cause further instability in financial markets. Current regional tensions and conflicts in various OPEC member nations, including the continuing military action in Iraq, have caused, and may cause further, increases in raw material costs, particularly natural gas and crude oil based feedstocks, which are used in our operations. The uncertainty surrounding the continuing military action in Iraq and the threat of further armed hostilities or acts of terrorism may impact any or all of our physical facilities and operations, which are located in North America, Europe, Australia, Asia, Africa, South America and the Middle East, or those of our customers. Furthermore, terrorist attacks, subsequent events and future developments in any of these areas may result in reduced demand from our customers for our products. In addition, local, state and federal governments have begun a regulatory process that could lead to new regulations impacting the security of chemical plant locations and the transportation of hazardous chemicals, which could result in higher operating costs. These developments will subject our worldwide operations to increased risks and, depending on their magnitude, could result in significant unanticipated costs, lower revenues and/or reduced profit margins.

Future acquisitions, partnerships and joint ventures may require significant resources and/or result in significant unanticipated losses, costs or liabilities.

In the future we may seek to grow our company and businesses by making acquisitions or entering into partnerships and joint ventures. Any future acquisition, partnership or joint venture may require that we make a significant cash investment, issue stock or incur substantial debt. In addition, acquisitions, partnerships or investments may require significant managerial attention, which may be diverted from our other operations. These capital, equity and managerial commitments may impair the operation of our businesses. Furthermore, any future acquisitions of businesses or facilities could entail a number of additional risks, including:

- problems with effective integration of operations;
- the inability to maintain key pre-acquisition business relationships;
- increased operating costs;

- exposure to unanticipated liabilities; and
- difficulties in realizing projected efficiencies, synergies and cost savings.

We have incurred indebtedness to finance past acquisitions. We may finance future acquisitions with additional indebtedness and/or by issuing additional equity securities. As a result, we could face the financial risks associated with incurring additional indebtedness such as reducing our liquidity and access to financing markets and increasing the amount of cash flow required to service such indebtedness.

Risks Related to the Ownership of Our Common Stock

Our common stock has no prior market, and our stock price may decline or fluctuate substantially after the offering.

Before this offering, there has not been a public market for our common stock. Although we have applied for listing of our common stock on the New York Stock Exchange, an active trading market for our shares may not develop or be sustained after this offering. An illiquid market for our common stock may result in volatility and poor execution of buy and sell orders for investors. The initial public offering price for our shares has been determined by negotiations among the underwriters and us. The initial public offering price may not correspond to the price at which our shares will trade in the public market subsequent to this offering. In addition, the price of our shares available in the public market may not reflect our actual financial performance. As a result, you may not be able to resell your shares at or above the initial public offering price. Among the factors that could affect our stock price are:

- our operating and financial performance and prospects;
- quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income, EBITDA and revenues;
- the amount and timing of operating costs and capital expenditures relating to the maintenance and expansion of our business, operations and infrastructure;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- sales of our common stock by stockholders;
- actions by institutional investors or by our principal stockholders;
- fluctuations in oil and natural gas prices;
- changes in the availability or prices of raw materials;
- general market conditions, including fluctuations in commodity prices; and
- U.S. and international economic, legal and regulatory factors unrelated to our performance.

The stock markets in general have experienced extreme volatility that has at times been unrelated to the operating performance of particular companies. These broad market fluctuations may also result in a lower trading price of our common stock.

Future sales of our common stock may depress our stock price.

Sales of a substantial number of shares of our common stock after the offering could result in a lower market price of our common stock by introducing a significant increase in the supply of our common stock to the market. This increased supply could cause the market price of our common stock to decline significantly.

After the offering and the Reorganization Transaction, we will have outstanding 215,909,091 shares of common stock, we will have reserved 21,590,909 shares of common stock for issuance under the Huntsman Stock Incentive Plan and we will have reserved 11,363,636 shares of our common stock to be issued upon the conversion of our mandatory convertible preferred stock (assuming an initial public offering price per share of our common stock equal to the midpoint of the range indicated on the

cover of this prospectus). Subject to the lock-up agreements described in "Underwriting," all the shares of common stock and mandatory convertible preferred stock sold in the offering will be freely tradable without restriction or further registration under the federal securities laws unless purchased by one of our "affiliates," as that term is defined in Rule 144 under the Securities Act. The remaining shares of outstanding common stock, including shares held by Investments Trust and its affiliates, will be "restricted securities" under the Securities Act and will be subject to restrictions on the timing, manner and volume of sales. Subject to any anti-dilution adjustments, up to 11,363,636 shares of common stock will be issuable upon conversion of the shares of mandatory convertible preferred stock (or up to 13,068,181 shares if the underwriters exercise their option to purchase additional shares of mandatory convertible preferred stock in full, assuming an initial public offering price per share of our common stock equal to the midpoint of the range indicated on the cover of this prospectus). All of such shares of common stock will be available for immediate resale in the public market upon conversion, except for any such shares acquired by our affiliates or by persons who are subject to the lock-up agreements described below, which shares will be subject to the terms of such lock-up agreements.

Our executive officers and directors and substantially all of our other stockholders (including Investments Trust) have entered into lock-up agreements with the underwriters as described in "Underwriting." In addition, in order to receive shares of our common stock in exchange for their HMP Warrants, the holders of the HMP Warrants must enter into the lock-up agreements described in "Shares Eligible for Future Sale." Upon the expiration of these lock-up agreements, the shares outstanding and owned by such persons may be sold in the future without registration under the Securities Act to the extent permitted by Rule 144 or any applicable exemption under the Securities Act. Under registration rights agreements between Investments Trust, certain other stockholders and our company, Investments Trust and such other stockholders, who will collectively hold 160,227,273 shares of our common stock after this offering, will have the right to require us to register their shares of our common stock following the lock-up period. The possibility that Investments Trust, such other stockholders or any of their or our affiliates may dispose of shares of our common stock, or the announcement or completion of any such transaction, could result in a lower market price of our common stock. See "Certain Relationships and Related Transactions" and "Shares Eligible for Future Sale."

As a new investor, you will experience immediate and substantial dilution in the value of your shares.

Purchasers of our common stock in this offering will experience immediate dilution of $17.38 in pro forma net tangible book value per share as of September 30, 2004 (assuming an initial public offering price per share of our common stock equal to the midpoint of the range indicated on the cover of this prospectus). Dilution per share represents the difference between the initial public offering price and the net consolidated book value per share immediately after the offering of our common stock. See "Dilution."

We are indirectly controlled by the Huntsman family and MatlinPatterson, whose interests may conflict with those of our company or our other stockholders, and other stockholders' voting power may be limited.

Following the consummation of this offering, Jon M. Huntsman and other members of the Huntsman family and MatlinPatterson will indirectly control, in the aggregate, approximately 65% of our outstanding common stock (based upon an assumed initial public offering price per share of our common stock equal to the midpoint of the range indicated on the cover of this prospectus) through their beneficial ownership of Investments Trust and will have the ability to:

- elect a majority of the members of the board of directors of our company;

- subject to applicable law and the rights of holders of our mandatory convertible preferred stock, determine, without the consent of our other stockholders, the outcome of certain matters submitted to our stockholders for approval, including amendments to our certificate of incorporation, mergers, consolidations and the sale of all or substantially all of our assets; and

subject to applicable law, prevent or cause a change in control of our company.

The interests and objectives of our controlling stockholders may be different from those of our company or our other stockholders, and our controlling stockholders may vote their common stock in a manner that may adversely affect our other stockholders. In addition, four of our directors, Mr. Jon M. Huntsman, Mr. Peter R. Huntsman, Mr. David J. Matlin and Mr. Christopher R. Pechock, will control Investments Trust. This may create conflicts of interest because these directors have responsibilities to Investments Trust and its beneficial owners. Their duties to Investments Trust and its beneficial owners may conflict with their duties as directors of our company regarding business dealings between Investments Trust and us and other matters. The resolution of these conflicts may not always be in our or our stockholders' best interest.

Investments Trust's controlling position and provisions contained in our certificate of incorporation and bylaws could discourage a takeover attempt, which may reduce or eliminate the likelihood of a change of control transaction and, therefore, your ability to sell your shares at a premium.

Investments Trust's controlling position, as well as provisions contained in our certificate of incorporation and bylaws, such as a classified board of directors, limitations on stockholder proposals at meetings of stockholders and the inability of stockholders to call special meetings, and certain provisions of Delaware law, could make it more difficult for a third party (other than Investments Trust and its affiliates) to acquire control of our company, even if some of our stockholders considered such a change of control to be beneficial. Our certificate of incorporation also authorizes our board of directors to issue preferred stock without stockholder approval. If our board of directors elects to issue preferred stock that has special voting or other rights, it could make it more difficult for a third party to acquire us. These provisions taken together or individually may reduce or eliminate your ability to sell your shares of common stock at a premium. See "Description of Capital Stock."

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this prospectus, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "could," "expect," "potential," "plan," "intend," "estimate," "anticipate," "believe" or "continue" or the negative thereof or variations thereon or similar terminology. Although we believe that the expectations reflected in such forward-looking statements are reasonable, there can be no assurances that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from our expectations are disclosed under "Risk Factors" and elsewhere in this prospectus, including, without limitation, in conjunction with the forward-looking statements included in this prospectus.

OUR COMPANY

Our History

Jon M. Huntsman founded the predecessor to our company in the early 1970s as a small packaging company. Since then, we have grown through a series of significant acquisitions and now own a global portfolio of commodity and differentiated businesses. In 1993, we purchased the LAB and maleic anhydride businesses of Monsanto. In 1994, we purchased the global chemical business from what was formerly Texaco. In 1997, we purchased our PO business from Texaco. Also in 1997, we acquired Rexene Corporation, significantly increasing the size of our polymers business. In 1999, we acquired certain polyurethanes, pigments and European petrochemicals businesses from ICI. In 2000, we completed the acquisition of the Morton global TPU business from Rohm and Haas. In 2001, we completed our acquisition of the global ethyleneamines business of Dow, and we completed our acquisition of the Albright & Wilson European surfactants business from Rhodia. In 2003, we completed our acquisition of 88% of our Advanced Materials business, and we now own approximately 90% of Advanced Materials. We have also divested certain non-core businesses, including our packaging subsidiary in 1997 and our global styrenics business in 1998. On September 30, 2002, we completed a series of restructuring transactions that included a debt for equity exchange (the "HLLC Restructuring"), which resulted in the Huntsman family, MatlinPatterson and Consolidated Press Holdings Limited ("Consolidated Press") acquiring substantially all of our equity interests. See "Certain Relationships and Related Transactions The HLLC Restructuring."

The Reorganization Transaction

We will consummate the Reorganization Transaction in connection with the completion of this offering. In the Reorganization Transaction, Huntsman Holdings, LLC will become our wholly owned subsidiary, and the existing beneficial holders of the common and preferred membership interests of Huntsman Holdings, LLC, including the mandatorily redeemable preferred interests, will receive shares of our common stock in exchange for their interests. The allocation of shares among such holders will be determined based on the price of our common stock. Based upon an assumed initial public offering price per share of our common stock equal to the midpoint of the range indicated on the cover of this prospectus, immediately following the Reorganization Transaction and this offering, such holders will control approximately 67% of our outstanding common stock. Although the number of shares of common stock to be received by each current beneficial holder of membership interests in Huntsman Holdings, LLC and each holder of HMP Warrants will vary based upon the actual initial public offering price, it will not affect the number of shares of common stock to be issued to such holders in the aggregate or the percentage of our outstanding shares of common stock that will be represented by the shares of common stock that will be issued to such holders in the aggregate. Huntsman Family Holdings and MatlinPatterson will cause all of the shares of our common stock they are entitled to receive in exchange for their beneficial interests in Huntsman Holdings, LLC to be delivered to Investments Trust.

The exchange of membership interests in Huntsman Holdings, LLC for shares of our common stock will be a tax-free transaction. Huntsman Holdings, LLC is treated as a partnership for U.S. federal income tax purposes and as such is generally not subject to U.S. income tax. The only asset held by Huntsman Holdings, LLC is 100% of the common stock of Huntsman Group Inc. ("HGI"). HGI and its subsidiaries file a U.S. federal consolidated tax return with HGI as the parent. Huntsman Holdings, LLC has historically had no taxable income or loss. Therefore, Huntsman Holdings, LLC becoming our subsidiary will have no impact on our future income taxes.

Immediately following the Reorganization Transaction and the offering, Investments Trust will hold approximately 65% of our outstanding common stock (based upon an assumed initial public offering price per share of our common stock equal to the midpoint of the range indicated on the cover of this

prospectus). The economic interest in the shares of our common stock held by Investments Trust will be allocated as follows: $400 million of such shares plus 50% of the remainder of such shares will be allocated to the beneficial interests in Investments Trust owned by MatlinPatterson, 45% of the remainder of such shares will be allocated to the beneficial interests in Investments Trust owned by Huntsman Family Holdings and 5% of the remainder of such shares will be unallocated. The unallocated shares will be allocated between the beneficial interests in Investments Trust owned by Huntsman Family Holdings and MatlinPatterson approximately 18 months after the completion of this offering based on the trading price of our common stock.

Jon M. Huntsman and Peter R. Huntsman will control the voting of the shares of our common stock held by Investments Trust. However, the shares of our common stock held by Investments Trust will not be voted in favor of certain fundamental corporate actions without the consent of MatlinPatterson, through its representatives David J. Matlin or Christopher R. Pechock. In addition, Jon M. Huntsman and Peter R. Huntsman have agreed to cause all of the shares of our common stock held by Investments Trust to be voted in favor of the election to our board of directors of two nominees designated by MatlinPatterson. MatlinPatterson will have control over the disposition of the shares of our common stock held by Investments Trust that are allocated to its beneficial interest in Investments Trust. Huntsman Family Holdings will have control over the disposition of the shares of our common stock held by Investments Trust that are allocated to its beneficial interest in Investments Trust. Huntsman Family Holdings is controlled by Jon M. Huntsman.

In connection with the consummation of this offering and as part of the Reorganization Transaction, we intend to exercise our right under the HMP Warrants to require that all such warrants and any shares of HMP equity securities issued upon exercise of the HMP Warrants be exchanged for newly issued shares of our common stock. Under the terms of the HMP Warrants and based upon an assumed initial public offering price per share of our common stock equal to the midpoint of the range indicated on the cover of this prospectus, an aggregate of approximately 16.7 million shares of our common stock will be issued in exchange for the outstanding HMP Warrants following the completion of the offering. The right of each holder of HMP Warrants to receive shares of our common stock is conditioned upon such holder's agreeing to a lock-up agreement relating to the sale or other disposition of our common stock for a period commencing from the date of the consummation of this offering and ending on the earlier of (1) 180 days following this offering, and (2) the first date that any other holders of our common stock are generally able to sell their shares. Following the exchange, the former holders of HMP Warrants will be entitled to certain registration rights with respect to their shares of our common stock. See "Shares Eligible for Future Sale Registration Rights."

Rights Held by Advanced Materials Minority Interestholders

SISU Capital Ltd. and its affiliates, which indirectly hold approximately 9.6% of the common equity in Advanced Materials, have certain important rights pursuant to the limited liability company agreements of Huntsman Advanced Materials Holdings LLC ("Advanced Materials Holdings") and Advanced Materials relating to the designation of managers and approval rights with respect to the taking of certain actions by Advanced Materials Holdings or Advanced Materials. SISU has the right to designate one of the managers of each of Advanced Materials Holdings and Advanced Materials. Neither Advanced Materials Holdings nor Advanced Materials may, in addition to certain other actions, effect certain redemptions of equity interests in such entities without the approval of SISU.

In addition, the limited liability company agreements of Advanced Materials Holdings and Advanced Materials require the approval of the conflict committee of the appropriate board of managers for certain actions taken by Advanced Materials Holdings or Advanced Materials. The conflict committee is composed of three managers, one of whom must be designated by SISU, and another of whom must be independent, with decisions determined by majority vote. If no independent manager exists, then the conflict committee is limited to two members, one of whom must be the

SISU-designated manager, and its decisions must be unanimous. In general, the approval of the conflict committee is required for the following actions, among others, by Advanced Materials Holdings or Advanced Materials:

- issuances of certain new equity securities by Advanced Materials Holdings;
- effecting certain redemptions of equity interests;
- incurrence of new indebtedness of Advanced Materials in excess of $50 million in the aggregate, or incurrence of any new indebtedness by Advanced Materials Holdings; and
- paying dividends and distributions (for which the approval of the SISU-designated manager is always required).

USE OF PROCEEDS

We estimate that the proceeds to us from the concurrent offerings of our common stock and our mandatory convertible preferred stock, after deduction of fees and expenses, based upon an assumed initial offering price per share of our common stock equal to the midpoint of the range indicated on the cover page of this prospectus, will be approximately $1,300 million. We intend to use these net proceeds, together with cash on hand, as follows:

approximately $591.3 million[a] to redeem in full HMP's 15% Senior Secured Discount Notes due 2008 (the "HMP Discount Notes");

approximately $486.6 million[b] to redeem substantially all of HIH's 13.375% Senior Discount Notes due 2009 (the "HIH Senior Discount Notes");

approximately $177.9 million[c] to repay $159.4 million in aggregate principal amount of HLLC's 11$^{5}/_{8}$% Senior Secured Notes due 2010 (the "HLLC Senior Secured Notes");

approximately $41.8 million[d] to repay in full HLLC's subordinated note to Horizon Ventures LLC, which bears interest at a rate of 15% per year and matures in 2011 (the "HLLC Affiliate Note"); and

approximately $39.4 million to purchase U.S. treasury securities that we will pledge as collateral to support our declaration of dividends on our mandatory convertible preferred stock.

(a) Assumes a redemption date of February 28, 2005 and includes the payment of redemption premiums of $41.3 million. As of September 30, 2004, the carrying amount of the HMP Discount Notes was $389.5 million, which was a discount to the accreted value of $518.2 million, and the assumed redemption premium would have been $38.8 million.

(b) Assumes a redemption date of February 28, 2005 and includes the payment of redemption premiums of $30.5 million. As of September 30, 2004, the carrying amount of the HIH Senior Discount Notes was $489.2 million (which includes $10.0 million of fair value adjustment), of which the amount to be redeemed was $441.5 million (which includes a fair value adjustment of $9.0 million) and the assumed redemption premium would have been $28.9 million.

(c) Assumes a repayment date of February 28, 2005 and includes the payment of redemption premiums.

(d) Assumes a repayment date of February 28, 2005 and includes the payment of accrued interest. As of September 30, 2004, the carrying amount of the HLLC Affiliate Note was $39.5 million.

Pending these uses, we intend to invest the net proceeds in short-term interest-bearing, investment-grade securities or money market funds.

We believe that the indebtedness that will be repaid with the net proceeds of this offering is among the highest cost to us and that the elimination of this indebtedness will result in the most meaningful reduction in our annual interest expense.

Jon M. Huntsman, our Chairman of the Board, owns all of the equity interests in Horizon Ventures LLC. See "Certain Relationships and Related Transactions."

We will not receive any of the proceeds from the sale of shares of common stock by the selling stockholder in our common stock offering.

DIVIDEND POLICY

We do not currently anticipate paying any cash dividends on our common stock. Instead, we currently intend to retain our earnings, if any, to invest in our businesses, to repay indebtedness and to use for general corporate purposes. Subject to the terms of our mandatory convertible preferred stock, our board of directors has the authority to declare and pay dividends on the common stock, in its discretion, as long as there are funds legally available to do so. However, amounts available to pay dividends will be restricted by the terms of the credit agreements and indentures of our subsidiaries. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources."

CAPITALIZATION

The following table sets forth our cash and capitalization as of September 30, 2004:

- on an actual basis; and

- on a pro forma as adjusted basis giving effect to the HLLC Bank Refinancing, the HI Senior Subordinated Notes Transaction and the HI Term Repayment (each as defined in "Unaudited Pro Forma Financial Data"), the Reorganization Transaction and the concurrent offerings of common stock and mandatory convertible preferred stock and the use of the net proceeds as described in "Use of Proceeds."

The information set forth below is derived from unaudited financial information and should be read in conjunction with the audited consolidated financial statements included herein, "Use of Proceeds," "Selected Historical Financial Data," "Unaudited Pro Forma Financial Data" and the Consolidated Financial Statements included elsewhere in this prospectus and, in each case, the notes related thereto.

	As of September 30, 2004	
	Actual	**Pro Forma As Adjusted**
	(in millions)	
Cash	$ 239.1	$ 196.8(a)
Restricted investment in marketable securities		39.4
Debt:		
Secured credit facilities	$ 2,228.2	$ 2,175.0
Secured notes	799.5	640.1
Notes	2,075.2	2,092.4
Secured discount notes	389.5	
Discount notes	489.2	47.7
Note due to affiliate	39.5	
Other debt	179.6	179.6
Total debt	6,200.7	5,134.8
Stockholders' (deficit) equity:		
Common stock (1,200,000,000 shares of common stock, par value $0.01 per share, authorized, 215,909,091 shares outstanding pro forma as adjusted(b))		2.2
Preferred stock (100,000,000 shares of preferred stock, par value $0.01 per share, authorized, 5,000,000 shares mandatory convertible preferred stock outstanding pro forma as adjusted)		250.0
Preferred member's interest	195.7	
Common member's interest		
Additional paid-in capital	734.4	2,622.1
Accumulated deficit	(1,470.0)	(1,708.5)(c)
Accumulated other comprehensive income	98.5	98.5
Total stockholders' (deficit) equity	(441.4)	1,264.3
Total capitalization	$ 5,759.3	$ 6,399.1

(a)

Reflects the use of net proceeds from the offering and cash on hand as follows:

	(in millions)
Actual cash as of September 30, 2004	$ 239.1
Proceeds from the offering	1,375.0
Fees and expenses related to the offering	(73.0)
Repayment of HMP Discount Notes carrying value	(389.5)
Repayment of HMP Discount Notes call premium	(167.5)
Repayment of HIH Senior Discount Notes carrying value	(432.5)
Repayment of HIH Senior Discount Notes call premium	(28.9)
Repayment of HLLC Senior Secured Notes carrying value	(159.4)
Repayment of HLLC Senior Secured Notes call premium	(18.5)
Repayment of HLLC Affiliate Note	(39.5)
Payment of accrued interest on HLLC Senior Secured Notes	(8.5)
Net cash used in the HI Senior Subordinated Notes Transaction and HI Bank Refinancing	(1.6)
HI Term Repayment	(59.0)
Investment in U.S. treasury securities as collateral on preferred stock dividend	(39.4)
Pro forma as adjusted cash as of September 30, 2004	$ 196.8

The foregoing is based on accreted values and accrued interest as of September 30, 2004. See "Use of Proceeds" for balances as of February 28, 2005.

(b)

Does not include 773,923 shares of restricted stock to be issued in connection with the consummation of the offering (assuming an initial public offering price per share equal to the midpoint of the range indicated on the cover of this prospectus).

(c)

Includes a loss on early retirement of debt of $222.6 million, reflecting the difference between the carrying value of the debt and the redemption price and call premiums, and $15.9 million for the write-off of related deferred debt issuance costs.

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the initial public offering price of our common stock and the pro forma as adjusted net tangible book value per share of our common stock after this offering. Our pro forma net tangible book value as of September 30, 2004 was a deficit of approximately $730.0 million, or approximately $4.43 per share. Pro forma net tangible book value per share represents the amount of tangible assets less total liabilities, divided by the 164,772,727 shares of common stock that will be outstanding upon completion of the Reorganization Transaction.

After giving effect to the sale of 55,681,819 shares in this offering at an assumed initial public offering price of $22.00 per share and after deduction of the estimated underwriting discounts and commissions and offering expenses, our pro forma as adjusted net tangible book value as of September 30, 2004 would have been approximately $996.2 million, or $4.62 per share. This represents an immediate increase in pro forma net tangible book value of $9.05 per share to existing stockholders and an immediate dilution of $17.38 per share to purchasers of common stock in this offering.

Assumed initial public offering price per share		$ 22.00
Pro forma net tangible book deficit per share at September 30, 2004	$ (4.43)	
Increase per share attributable to new investors	9.05	
Pro forma, as adjusted net tangible book value per share after offering		4.62
Dilution per share to new investors		$ 17.38

The following table sets forth, on a pro forma as adjusted basis as of September 30, 2004, the total consideration paid and the effective cash price per share paid by the existing stockholders and by new investors during the past five years, before deducting estimated underwriting discounts and commissions and offering expenses payable by us at a public offering price of $22.00 per share.

	Shares Purchased		Total Consideration		
	Number	Percent	Amount	Percent	Average Price Per Share
Existing stockholders	164,772,727	76%	$ 1,739,700,000	61%	$ 10.56
New investors	51,136,364	24	1,125,000,000	39	$ 22.00
Total	215,909,091	100%	$ 2,864,700,000	100%	$ 13.27

The foregoing computations exclude up to 11,363,636 shares of common stock reserved for issuance upon the conversion of our mandatory convertible preferred stock, 2,451,322 shares issuable upon the exercise of stock options, 773,923 shares of restricted stock to be issued in connection with this offering and 18,365,664 shares reserved for future issuance under the Huntsman Stock Incentive Plan (in each case assuming an initial public offering price per share of our common stock equal to the midpoint of the range indicated on the cover of this prospectus). The stock options to be issued in connection with this offering will have an exercise price per share equal to the initial public offering price per share of common stock sold in our common stock offering and therefore will not result in dilution to new investors. If we grant stock options in the future at exercise prices less than the initial public offering price, there will be further dilution to new investors. Giving effect to the issuance of 773,923 shares of restricted stock in connection with the consummation of the offering (assuming an initial public offering price per share of our common stock equal to the midpoint of the range indicated on the cover of this prospectus), dilution per share to new investors would be $17.40 per share.

SELECTED HISTORICAL FINANCIAL DATA

The selected historical financial data set forth below presents the historical financial data of our predecessor Huntsman Holdings, LLC as of and for the dates and periods indicated. The selected financial data as of September 30, 2003 and for the nine months ended September 30, 2003 have been derived from the unaudited consolidated financial statements of Huntsman Holdings, LLC included elsewhere in this prospectus. The selected financial data as of December 31, 2002 and 2003 and September 30, 2004 and for the years ended December 31, 2001, 2002 and 2003 and for the nine months ended September 30, 2004 have been derived from the audited consolidated financial statements of Huntsman Holdings, LLC included elsewhere in this prospectus. The selected financial data as of December 31, 1999, 2000 and 2001 and for the years ended December 31, 1999 and 2000 have been derived from the audited consolidated financial statements of Huntsman Holdings, LLC for these periods, which are not included in this prospectus.

In such financial data, HIH is accounted for using the equity method of accounting through April 30, 2003. Effective May 1, 2003, as a result of the HIH Consolidation Transaction, we have consolidated the financial results of HIH. Effective July 1, 2003, as a result of the AdMat Transaction, we have consolidated the financial results of Advanced Materials. As a result, the financial information as of and for the year ended December 31, 2003 is not comparable to the prior years' historical financial data presented herein, and the financial information as of and for the nine months ended September 30, 2004 is not comparable to the financial information as of and for the nine months ended September 30, 2003. You should read the selected financial data in conjunction with "Unaudited Pro Forma Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the Consolidated Financial Statements and accompanying notes of Huntsman Holdings, LLC included elsewhere in this prospectus.

	Year Ended December 31,					Nine Months Ended September 30,	
	1999	2000	2001	2002	2003	2003	2004
	(in millions, except per share amounts)						
Statement of Operations Data:							
Revenues	$ 2,838.8	$ 3,325.7	$ 2,757.4	$ 2,661.0	$ 7,080.9	$ 4,711.1	$ 8,357.7
Gross profit	320.3	128.7	90.8	240.0	707.8	452.4	999.7
Restructuring, impairment and plant closing costs (credit)			588.5	(1.0)	37.9	27.2	202.4
Operating income (loss)	74.8	(78.7)	(709.4)	66.3	176.5	91.9	216.4
Loss from continuing operations	(75.6)	(138.6)	(842.8)	(191.9)	(319.8)	(214.2)	(226.5)
Loss from continuing operations per common share(a)							
Basic and diluted	$ (0.51)	$ (0.93)	$ (5.69)	$ (1.42)	$ (2.66)	$ (1.82)	$ (1.97)
Average shares outstanding							
Basic and diluted(a)	148.0	148.0	148.0	148.0	148.0	148.0	148.0
Other Data:							
Depreciation and amortization	$ 203.6	$ 200.3	$ 197.5	$ 152.7	$ 353.4	$ 230.5	$ 410.3
Capital expenditures	150.2	90.3	76.4	70.2	191.0	129.9	145.0
Ratio of earnings to fixed charges and preferred dividends(b)							
Balance Sheet Data (at period end):							
Total assets	$ 3,565.1	$ 3,543.8	$ 2,357.8	$ 2,747.2	$ 8,737.4	$ 8,430.2	$ 8,993.8
Total debt	2,136.2	2,268.6	2,450.5	1,736.1	5,910.1	6,002.7	6,200.7
Total liabilities	3,109.9	3,322.3	3,046.3	2,532.0	8,278.8	8,042.7	8,724.4

(a) All share and per share information has been restated to give effect to the shares to be issued in respect of the outstanding membership interests in Huntsman Holdings, LLC in connection with the Reorganization Transaction.

(b) For the years ended December 31, 1999, 2000, 2001, 2002 and 2003, earnings were insufficient to cover fixed charges and preferred dividends by $156.4 million, $283.3 million, $974.6 million, $148.6 million and $339.9 million, respectively. For the nine months ended September 30, 2003 and 2004, earnings were insufficient to cover fixed charges and preferred dividends by $244.0 million and $312.1 million, respectively.

UNAUDITED PRO FORMA FINANCIAL DATA

The pro forma statements of operations data for the year ended December 31, 2003 and the nine months ended September 30, 2003 and 2004 set forth below gives effect to the following transactions as if each transaction had occurred on January 1, 2003:

- our May 2003 acquisition of the HIH membership interests held by third parties in the HIH Consolidation Transaction;
- our June 2003 acquisition of an 88% equity interest in our Advanced Materials business and related financing transactions in the AdMat Transaction;
- the following debt refinancing transactions that took place in 2003 and 2004 (the "Refinancing Transactions"):
  - the issuance by our subsidiary Huntsman International LLC ("HI") in April 2003 of $150 million of its 9.875% senior unsecured notes (the "HI Senior Notes") and the application of the net proceeds therefrom;
  - the issuance by HLLC of $380 million and $75.4 million of HLLC Senior Secured Notes in September 2003 and December 2003, respectively, and the application of the net proceeds therefrom;
  - the issuance by HLLC of $400 million of senior notes in June 2004 (the "HLLC Senior Notes") and the application of the net proceeds therefrom;
  - the refinancing of the senior secured credit facilities of HI in July 2004 and the subsequent amendment to that facility in December 2004 (together, the "HI Bank Refinancing");
  - the refinancing of the senior secured credit facilities of HLLC in October 2004 (the "HLLC Bank Refinancing");
  - the issuance by HI in December 2004 of $175 million of its 7 3/8% senior subordinated notes due 2015 and €135 million of its 7 1/2% senior subordinated notes due 2015 (together, the "HI Senior Subordinated Notes"), the application of the net proceeds therefrom and the related cross-currency swap transaction entered into in connection therewith (together, the "HI Senior Subordinated Notes Transaction"); and
  - the repayment by HI in December 2004 of approximately $59 million of outstanding borrowings under its term facility (the "HI Term Repayment"); and
- other adjustments to reflect the interest expense related to our indebtedness as of September 30, 2004.

The pro forma as adjusted statements of operations data for the year ended December 31, 2003 and the nine months ended September 30, 2003 and 2004 set forth below adjusts the pro forma statements of operations data to give effect to the following transactions as if each transaction had occurred on January 1, 2003:

- the Reorganization Transaction; and
- this offering and the use of the net proceeds to us as described in "Use of Proceeds."

The pro forma balance sheet data set forth below gives effect to the HLLC Bank Refinancing, the HI Senior Subordinated Notes Transaction and the HI Term Repayment as if each transaction had occurred on September 30, 2004. The pro forma as adjusted balance sheet data set forth below adjusts the pro forma balance sheet data to give effect to the Reorganization Transaction and this offering and the use of net proceeds to us as described in "Use of Proceeds" as if each transaction had occurred on September 30, 2004. In the Reorganization Transaction, the common and preferred interests of

Huntsman Holdings, LLC and the HMP Warrants will be exchanged for shares of our common stock, based upon the initial public offering price per share of our common stock.

The pro forma financial data does not purport to be indicative of the combined financial position or results of operations of future periods or indicative of results that would have occurred had the above transactions been completed on the date indicated. The pro forma and other adjustments, as described in the accompanying notes to the pro forma consolidated condensed balance sheet and statements of operations, are based upon available information and certain assumptions that we believe are reasonable. The pro forma financial data set forth below should be read in conjunction with the Consolidated Financial Statements, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Selected Historical Financial Data" included elsewhere in this prospectus and, in each case, the notes related thereto.

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003**

	Actual	Pro Forma Adjustments: HIH Consolidation Transaction(a)	Pro Forma Adjustments: AdMat Transaction(b)	Pro Forma Adjustments: Other Pro Forma Adjustments	Pro Forma	Offering and Reorganization Transaction Adjustments(c)	Pro Forma As Adjusted
				(in millions)			
Revenues	$ 4,711.1	$ 1,733.4	$ 531.8	$ (91.1)(d)	$ 6,885.2		$ 6,885.2
Cost of goods sold	4,258.7	1,551.9	412.7	(73.2)(e)	6,150.1		6,150.1
Gross profit	452.4	181.5	119.1	(17.9)	735.1		735.1
Expenses:							
Operating expenses	333.3	104.6	172.1	(42.8)(f)	567.2		567.2
Restructuring and plant closing costs	27.2	17.1			44.3		44.3
Total expenses	360.5	121.7	172.1	(42.8)(f)	611.5		611.5
Operating income	91.9	59.8	(53.0)	24.9	123.6		123.6
Interest expense, net	(260.7)	(113.2)	(36.3)	(23.3)(g)	(433.5)	$ 135.8(g)	(297.7)
Loss on accounts receivable securitization program	(11.9)	(12.0)		(0.1)	(24.0)		(24.0)
Equity in (loss) income of unconsolidated affiliates	(38.2)			39.0(h)	0.8		0.8
Other non-operating expenses	0.4	(2.2)			(1.8)		(1.8)
Loss before income taxes and minority interest	(218.5)	(67.6)	(89.3)	40.5	(334.9)	135.8	(199.1)
Income tax benefit (expense)	3.8	2.4	11.4	(15.2)(i)	2.4		2.4
Minority interest in subsidiaries' loss	0.5			5.3 (j)	5.8		5.8
Net (loss) income	$ (214.2)	$ (65.2)	$ (77.9)	$ 30.6	$ (326.7)	$ 135.8	$ (190.9)
Basic and diluted (loss) earnings per common share	$ (1.82)(k)						$ (0.88)(l)

(a) Reflects the results of operations of the HIH business for the four months ended April 30, 2003.

(b) Reflects the results of operations of our Advanced Materials business for the six months ended June 30, 2003.

(c) Amounts do not include non-recurring charges to earnings for a loss on early extinguishment of debt, the write-off of deferred debt issuance costs and the declaration of $39.4 million of dividends on the mandatory convertible preferred stock. See footnotes (i) and (o) to the Unaudited Pro Forma Condensed Balance Sheet.

(d) To eliminate intercompany sales between HLLC and HIH.

(e)	To reflect the net effect on cost of goods sold as follows (dollars in millions):	
	Eliminate intercompany cost of goods sold between HLLC and HIH	$ (80.1)
	Reflect the net adjustment to depreciation and amortization expense as a result of the HIH Consolidation Transaction. The expected useful lives of the assets range from 15 years to 20 years	6.9
		$ (73.2)
(f)	To reflect the net effect on operating expenses as follows (dollars in millions):	
	Eliminate intercompany charges between HLLC and HIH for management fees	$ (9.0)
	Eliminate the effect of the unrealized exchange gains (losses) arising from the revaluation of non-functional currency denominated debt as substantially all of such debt has been repaid in connection with the AdMat Transaction	(33.8)
		$ (42.8)

(g) Reflects the adjustment to net interest expense resulting from the Refinancing Transactions and other adjustments to interest expense related to our indebtedness as of September 30, 2004. See " Schedule of Pro Forma and Pro Forma As Adjusted Interest Expense Adjustments" below.

(h) To eliminate the equity in income (loss) of HIH.

(i) To reflect the income tax expenses associated with the AdMat Transaction. No tax benefit was recorded related to the HLLC pro forma adjustments as HLLC has a full valuation allowance on its net deferred tax assets. No tax benefit was recorded related to the HIH pro forma adjustments as the adjustments relate to income or expense in the U.S. and the U.S. income tax consequences of HIH are recorded in the consolidated tax returns of HLLC.

(j) To record the minority interest in Advanced Materials.

(k) Per share information is calculated using 148.0 million actual shares outstanding, which gives effect to the shares of common stock to be issued in respect of the outstanding membership interests in Huntsman Holdings, LLC in connection with the Reorganization Transaction.

(l) Per share information is calculated using 215.9 million shares outstanding, which gives effect to the shares to be issued in connection with the Reorganization Transaction and the shares to be issued in connection with this offering.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004

	Actual	Pro Forma Adjustments	Pro Forma	Offering and Reorganization Transaction Adjustments(c)	Pro Forma As Adjusted
			(in millions)		
Revenues	$ 8,357.7		$ 8,357.7		$ 8,357.7
Cost of goods sold	7,358.0		7,358.0		7,358.0
Gross profit	999.7		999.7		999.7
Expenses:					
Operating expenses	580.9		580.9		580.9
Restructuring and plant closing costs	202.4		202.4		202.4
Total expenses	783.3		783.3		783.3
Operating income	216.4		216.4		216.4
Interest expense, net	(459.5)	$ 19.7(a)	(439.8)	$ 135.9(a)	(303.9)
Loss on accounts receivable securitization program	(10.2)		(10.2)		(10.2)
Equity in income of unconsolidated affiliates	3.0		3.0		3.0
Other non-operating expenses	(0.8)		(0.8)		(0.8)
Loss before income taxes and minority interest	(251.1)	19.7	(231.4)	135.9	(95.5)
Income tax benefit	25.7	(b)	25.7		25.7
Minority interest in subsidiaries' income	(1.1)		(1.1)		(1.1)
Net (loss) income	$ (226.5)	$ 19.7	$ (206.8)	$ 135.9	$ (70.9)
Basic and diluted (loss) earnings per common share	$ (1.97)(d)				$ (0.33)(e)

(a) Reflects the adjustment to net interest expense resulting from the Refinancing Transactions and other adjustments to interest expense related to our indebtedness as of September 30, 2004. See " Schedule of Pro Forma and Pro Forma As Adjusted Interest Expense Adjustments" below.

(b) No adjustments were made to income tax expense as we have a full valuation allowance on our net deferred tax assets.

(c) Amounts do not include non-recurring charges to earnings for a loss on early extinguishment of debt, the write-off of deferred debt issuance costs and the declaration of $39.4 million of dividends on the mandatory convertible preferred stock. See footnotes (i) and (o) to the Unaudited Pro Forma Condensed Balance Sheet.

(d) Per share information is calculated using 148.0 million shares outstanding, which gives effect to the shares of common stock to be issued in respect of the outstanding membership interests in Huntsman Holdings, LLC in connection with the Reorganization Transaction.

(e) Per share information is calculated using 215.9 million shares outstanding, which gives effect to the shares to be issued in connection with the Reorganization Transaction and the shares to be issued in connection with this offering.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2003

		Pro Forma Adjustments					
	Actual	HIH Consolidation Transaction(a)	AdMat Transaction(b)	Other Pro Forma Adjustments	Pro Forma	Offering and Reorganization Transaction Adjustments(c)	Pro Forma As Adjusted
				(in millions)			
Revenues	$ 7,080.9	$ 1,733.4	$ 531.8	$ (93.7)(d)	$ 9,252.4		$ 9,252.4
Cost of goods sold	6,373.1	1,551.9	412.7	(82.6)(e)	8,255.1		8,255.1
Gross profit	707.8	181.5	119.1	(11.1)	997.3		997.3
Expenses:							
Operating expenses	493.4	104.6	172.1	(37.9)(f)	732.2		732.2
Restructuring and plant closing costs	37.9	17.1			55.0		55.0
Total expenses	531.3	121.7	172.1	(37.9)(f)	787.2		787.2
Operating income	176.5	59.8	(53.0)	26.8	210.1		210.1
Interest expense, net	(428.3)	(113.2)	(36.3)	(0.9)(g)	(578.7)	$ 181.2(g)	(397.5)
Interest income affiliate	19.2			(19.2)(h)			
Loss on accounts receivable securitization program	(20.4)	(12.0)			(32.4)		(32.4)
Equity in (loss) income of unconsolidated affiliates	(37.5)			39.0(i)	1.5		1.5
Other non-operating expenses		(2.2)			(2.2)		(2.2)
Loss before income taxes and minority interest	(290.5)	(67.6)	(89.3)	45.7	(401.7)	181.2	(220.5)
Income tax expense	(30.8)	2.4	11.4	(15.1)(j)	(32.1)		(32.1)
Minority interest in subsidiaries' loss	1.5			5.3(k)	6.8		6.8
Net (loss) income	$ (319.8)	$ (65.2)	$ (77.9)	$ 35.9	$ (427.0)	$ 181.2	$ (245.8)
Basic and diluted (loss) earnings per common share	$ (2.66)(l)						$ (1.14)(m)

(a) Reflects the results of operations of the HIH business for the four months ended April 30, 2003.

(b)

Reflects the results of operations of our Advanced Materials business for the six months ended June 30, 2003.

(c)

Amounts do not include non-recurring charges to earnings for a loss on early extinguishment of debt, the write-off of deferred debt issuance costs and the declaration of $39.4 million of dividends on the mandatory convertible preferred stock. See footnotes (i) and (o) to the Unaudited Pro Forma Condensed Balance Sheet.

(d)

To eliminate intercompany sales between HLLC and HIH.

(e)

To reflect the net effect on cost of goods sold as follows (dollars on millions):

Eliminate intercompany cost of goods sold between HLLC and HIH	$	(89.5)
Reflect the net adjustment to depreciation and amortization expense as a result of the HIH Consolidation Transaction. The expected useful lives of the assets range from 15 years to 20 years		6.9
	$	(82.6)

(f)

To reflect the net effect on operating expenses as follows (dollars in millions):

Eliminate intercompany charges between HLLC and HIH for management fees	$	(4.1)
Eliminate the effect of the unrealized exchange gains (losses) arising from the revaluation of non-functional currency denominated debt as substantially all of such debt has been repaid in connection with the AdMat Transaction		(33.8)
	$	(37.9)

(g)
Reflects the adjustment to net interest expense resulting from the Refinancing Transactions and other adjustments to interest expense related to our indebtedness as of September 30, 2004. See " Schedule of Pro Forma and Pro Forma As Adjusted Interest Expense Adjustments" below.

(h)
To eliminate interest income of HMP on the HIH senior subordinated discount notes (the "HIH Senior Subordinated Discount Notes"), which will be canceled in the Reorganization Transaction.

(i)
To eliminate the equity in income (loss) of HIH.

(j)
To reflect the income tax expenses associated with the AdMat Transaction. No tax benefit was recorded related to the HLLC pro forma adjustments as HLLC has a full valuation allowance on its net deferred tax assets. No tax benefit was recorded related to the HIH pro forma adjustments as the adjustments relate to income or expense in the U.S. and the U.S. income tax consequences of HIH are recorded in the consolidated tax returns of HLLC.

(k)
To record the minority interest in Advanced Materials.

(l)
Per share information is calculated using 148.0 million shares outstanding, which gives effect to the shares of common stock to be issued in respect of the outstanding membership interests in Huntsman Holdings, LLC in connection with the Reorganization Transaction.

(m)
Per share information is calculated using 215.9 million shares outstanding, which gives effect to the shares to be issued in connection with the Reorganization Transaction and the shares to be issued in connection with this offering.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2004

	Actual	Pro Forma Adjustments	Pro Forma	Offering and Reorganization Transaction Adjustments	Pro Forma As Adjusted
			(in millions)		
Assets					
Cash and equivalents	$ 239.1	$ (60.6)(a)	$ 178.5	$ 18.3 (e)	$ 196.8
Restricted investment in marketable securities				39.4 (f)	39.4
Accounts and notes receivable	1,403.3		1,403.3		1,403.3
Inventories	1,132.6		1,132.6		1,132.6
Prepaid expense	70.6		70.6		70.6
Deferred income taxes	20.6		20.6		20.6
Other current assets	69.5		69.5		69.5
Current assets	2,935.7	(60.6)(a)	2,875.1	57.7	2,932.8
Property, plant and equipment, net	5,014.8		5,014.8		5,014.8
Investment in unconsolidated affiliates	167.5		167.5		167.5
Intangible assets, net	264.8		264.8		264.8
Goodwill	3.3		3.3		3.3
Deferred income taxes	21.3		21.3		21.3
Other noncurrent assets	586.4	4.1(b)	590.5	(12.1)(g)	578.4
Total assets	$ 8,993.8	$ (56.5)	$ 8,937.3	$ 45.6	$ 8,982.9
Liabilities and stockholders' equity					
Accounts payable	$ 919.7	$	$ 919.7	$	$ 919.7
Accrued liabilities	689.8		689.8	4.6(h)	694.4
Deferred income taxes	18.9		18.9		18.9
Current portion of long-term debt	54.8		54.8		54.8
Current liabilities	1,683.2		1,683.2	4.6	1,687.8
Long-term debt	6,106.4	(36.0)(c)	6,070.4	(990.4)(i)	5,080.0
Long-term debt affiliates	39.5		39.5	(39.5)(i)	
Deferred income taxes	242.1		242.1		242.1
Other noncurrent liabilities	653.2		653.2	26.3(j)	679.5
Total liabilities	8,724.4	(36.0)	8,688.4	(999.0)	7,689.4
Minority interest in common stock of consolidated subsidiaries	29.2		29.2		29.2
Minority interest in warrants of consolidated subsidiary	128.7		128.7	(128.7)(k)	
Redeemable preferred members' interest	552.9		552.9	(552.9)(l)	
Total minority interests	710.8		710.8	(681.6)	29.2
Stockholders' equity					
Preferred members' interest	195.7		195.7	(195.7)(m)	
Common members' interest					
Class A units, 10,000,000 issued and outstanding, no par value					
Class B units, 10,000,000 issued and outstanding, no par value					
Common stock (1,200,000,000 shares of common stock, par value $0.01 per share, authorized, 215,909,091 shares outstanding, pro forma as adjusted)				2.2 (n)	2.2
Preferred stock (100,000,000 shares of preferred stock, par value $0.01 per share, authorized, 5,000,000 shares				250.0 (n)	250.0

	Actual	Pro Forma Adjustments	Pro Forma	Offering and Reorganization Transaction Adjustments	Pro Forma As Adjusted
mandatory convertible preferred stock outstanding, pro forma as adjusted)					
Additional paid-in capital	734.4		734.4	1,887.7 (n)	2,622.1
Accumulated deficit	(1,470.0)	(20.5)(d)	(1,490.5)	(218.0)(o)	(1,708.5)
Accumulated other comprehensive income	98.5		98.5		98.5
Total stockholders' (deficit) equity	(441.4)	(20.5)	(461.9)	1,726.2	1,264.3
Total liabilities and stockholders' equity	$ 8,993.8	$ (56.5)	$ 8,937.3	$ 45.6	$ 8,982.9

(a) To reflect the net use of cash as follows:

HI Bank Refinancing	$ (1.1)
Net cash used in the HI Senior Subordinated Notes Transaction	(0.5)
HI Term Repayment	(59.0)
Net use of cash	$ (60.6)

(b)

To reflect the increase in deferred debt issuance costs, net of amounts written off, as a result of the following:

HI Bank Refinancing	$ 1.1
HI Senior Subordinated Notes Transaction	1.0
HLLC Bank Refinancing	2.0
Net increase in deferred debt issuance costs	$ 4.1

(c)

To reflect the net change in debt from the following:

Proceeds from the HI Senior Subordinated Notes Transaction	$ 348.1
Repayment of debt in connection with the HI Senior Subordinated Notes Transaction	(330.9)
HLLC Bank Refinancing	5.8
HI Term Repayment	(59.0)
Net change in debt	$ (36.0)

(d)

To reflect a loss on early retirement of debt for the write-off of deferred debt issuance costs in connection with the HLLC Bank Refinancing and HI Senior Subordinated Notes Transaction.

(e)

To reflect the net cash provided in connection with this offering after giving effect to the repayment of debt as described in "Use of Proceeds."

(f)

To reflect the investment in U.S. treasury securities that we will pledge as collateral to support our obligation to pay dividends on our mandatory convertible preferred stock to be issued in the concurrent offering of mandatory convertible preferred stock.

(g)

To reflect the write-off of deferred debt issuance costs related to the debt repaid with the net proceeds from this offering.

(h)

To reflect the net increase in accrued liabilities from the following:

Payment of accrued interest on the HLLC Senior Secured Notes	$ (8.5)
Current portion of accrued dividends payable on our mandatory convertible preferred stock	13.1
	$ 4.6

(i)

To reflect the net repayment of debt with the net proceeds from this offering.

(j)

To reflect the noncurrent portion of accrued dividends payable on our mandatory convertible preferred stock.

(k)

To reflect the exchange of HMP Warrants for common stock. The number of shares of common stock is based on an assumed initial public offering price per share of our common stock equal to the midpoint of the range indicated on the cover of this prospectus.

(l)

To reflect the exchange of redeemable preferred members' interest for common stock. The number of shares of common stock is based on an assumed initial public offering price per share of our common stock equal to the midpoint of the range indicated on the cover of this prospectus.

(m)

To reflect the exchange of preferred members' interest for common stock. The number of shares of common stock is based on an assumed initial public offering price per share of our common stock equal to the midpoint of the range indicated on the cover of this prospectus.

(n)

To reflect the issuance of common stock and mandatory convertible preferred stock in this offering, net of related fees and expenses, and the issuance of common stock in the Reorganization Transaction.

(o)

Includes a loss on early retirement of debt of $205.9 million, reflecting the difference between the carrying value of the debt and the redemption price and call premiums, and $12.1 million for the write-off of deferred debt issuance costs. Due to the non-recurring nature of these adjustments, they have not been reflected in the pro forma statements of operations.

Schedule of Pro Forma and Pro Forma As Adjusted Interest Expense Adjustments

The following schedule sets forth the interest expense adjustments to the pro forma and pro forma as adjusted financial statements set forth above. For a discussion of the debt obligations shown below, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Debt and Liquidity."

		Interest Expense(2)		
			Nine Months Ended September 30,	
	Pro Forma Balance as of September 30, 2004(1)	Year Ended December 31, 2003	2003	2004
	(in millions)			
Average LIBOR for period		1.209%	1.235%	1.287%
Average dollar/euro exchange rate for period		1.1329	1.1128	1.2259
Pro forma interest expense adjustments:				
Secured credit facilities:				
HLLC Revolving Facility (LIBOR plus 2.25%, unused fee of 0.50%)	$ 98.2	$ 4.6	$ 3.5	$ 3.5
HI Revolving Facility (LIBOR plus 3.25%, unused fee of 0.75%)		2.8	2.1	2.1
AdMat Revolving Credit Facility (LIBOR plus 3.00%, unused fee of 1.00%)		0.6	0.5	0.5
HLLC Term Facility (LIBOR plus 3.50%)	715.0	33.7	25.4	25.7
HI Term Facility (LIBOR plus 2.53% effective rate)	1,307.6	48.9	37.0	37.6
HCA Facilities (90 Day Bank Bill Swap Rate plus 2.90%)	41.9	2.9	2.2	2.6
New HCCA Facility (90 Day Bank Bill Swap Rate plus 2.90%)	12.3	0.8	0.6	0.8
Secured notes:				
HLLC Senior Secured Notes (11.875% effective rate)	451.0	53.6	40.2	40.2
AdMat Fixed Rate Notes (11.00%)	250.0	27.5	20.6	20.6
AdMat Floating Rate Notes (LIBOR plus 8.00%, 8.50% effective rate)	98.5	10.4	7.8	7.8
Notes:				
HLLC Senior Fixed Rate Notes (11.50%)	300.0	34.5	25.9	25.9
HLLC Senior Floating Rate Notes (LIBOR plus 7.25%)	100.0	8.5	6.4	6.4
HI Senior Notes (9.478% effective rate)	456.3	43.2	32.4	32.4
HI Senior Subordinated Notes (9.24%)	541.0	50.0	37.5	37.5
HI Senior Subordinated Notes (€507, 9.21% effective rate)	635.7	52.9	38.9	42.8
HLLC Subordinated Fixed Rate Notes (9.50%)	44.2	4.2	3.1	3.1
HLLC Subordinated Floating Rate Notes (LIBOR plus 3.25%)	15.1	0.7	0.5	0.5
Secured discount notes:				
HMP Discount Notes (23.658% effective rate)(3)	389.5	92.1	69.1	69.1
Discount notes:				
HIH Senior Discount Notes (13.375%)(3)	479.2	64.1	48.1	48.1
Note due to affiliate:				
HLLC Affiliate Note (15.00%)(3)	39.5	5.9	4.4	4.4
Other debt:				
Huntsman Specialty Chemicals Corporation Subordinated Note (9.298% effective rate)	100.8	9.4	7.0	7.0
Other debt (4.98% effective rate)	78.8	3.9	2.9	2.9
Other items:				
Amortization of debt issuance costs		23.7	17.8	17.8
		2.5	1.8	1.8

	Interest Expense(2)		
Interest rate hedging arrangements (notional amount of $184.3; pay 4.44% weighted average fixed rate, receive LIBOR)			
Cross currency swap (pay €132 at 6.63%, receive $175 at 7.375%)	(2.7)	(2.2)	(1.4)
Total pro forma interest expense	$ 578.7	$ 433.5	$ 439.7
Less historical interest expense(4)	(577.8)	(410.2)	(459.5)
Net pro forma interest expense adjustment	$ 0.9	$ 23.3	$ (19.8)

Pro forma as adjusted interest expense adjustments:				
Adjustment of HLLC Term Facility (0.50% interest rate reduction as a result of this offering)	$ 715.0	$ (3.6)	$ (2.7)	$ (2.7)
Repayment of HMP Discount Notes (23.658% effective rate)	389.5	(92.1)	(69.1)	(69.1)
Repayment of substantially all of the HIH Senior Discount Notes (13.375%)	432.5	(57.9)	(43.4)	(43.4)
Repayment of HLLC Senior Secured Notes (11.875% effective rate)	159.4	(18.9)	(14.2)	(14.2)
Repayment of HLLC Affiliate Note (15.00%)	39.5	(5.9)	(4.4)	(4.4)
Adjustment to amortization of debt issuance costs		(2.8)	(2.0)	(2.0)
Net pro forma as adjusted interest expense adjustment		$ (181.2)	$ (135.8)	$ (135.8)
Total pro forma as adjusted interest expense		$ 397.5	$ 297.7	$ 303.9

(1) Gives effect to the HLLC Bank Refinancing.

(2) The aggregate effect on annual interest expense of a variance of 1/8 percent in our variable rate indebtedness is $3.1 million.

(3) Interest expense for the discount and PIK notes has been calculated on carrying amounts as of September 30, 2004. Respective carrying amounts for each period end were as follows:

	As of December 31, 2003	**As of September 30, 2003**	**2004**
	(in millions)		
HLLC Affiliate Note	$ 35.5	$ 34.3	$ 39.5
HMP Discount Notes	329.4	311.5	389.5
HIH Senior Discount Notes	434.6	421.0	479.2

(4) As adjusted for the HIH Consolidation Transaction and the AdMat Transaction.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the historical financial statements and other financial information appearing elsewhere in the prospectus, including "Prospectus Summary Summary Historical and Pro Forma As Adjusted Financial Data," "Capitalization," "Selected Historical Financial Data" and "Unaudited Pro Forma Financial Data."

Overview

We are among the world's largest global manufacturers of differentiated and commodity chemical products. We manufacture a broad range of chemical products and formulations, which we market in more than 100 countries 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, durable and non-durable consumer products, electronics, medical, packaging, paints and coatings, power generation, refining and synthetic fiber industries. We are a leading global producer in many of our key product lines, including MDI, amines, surfactants, epoxy-based polymer formulations, maleic anhydride and titanium dioxide. We operate 63 manufacturing facilities located in 22 countries and employ over 11,500 associates. Our businesses benefit from significant vertical integration, large production scale and proprietary manufacturing technologies, which allow us to maintain a low-cost position. We had pro forma revenues for the nine months ended September 30, 2004 and the year ended December 31, 2003 of $8,357.7 million and $9,252.4 million, respectively.

Our business is organized around our six segments: Polyurethanes, Advanced Materials, Performance Products, Pigments, Polymers and Base Chemicals. These segments can be divided into two broad categories: differentiated and commodity. Our Polyurethanes, Advanced Materials and Performance Products segments produce differentiated products, and our Pigments, Polymers and Base Chemicals segments produce commodity chemicals. Among our commodity products, our Pigments business, while cyclical, is influenced largely by seasonal demand patterns in the coatings industry. Certain products in our Polymers segment also follow different trends than petrochemical commodities as a result of our niche marketing strategy for such products that focuses on supplying customized formulations. Nevertheless, each of our six operating segments is impacted to some degree by economic conditions, prices of raw materials and global supply and demand pressures.

Growth in our Polyurethanes and Advanced Materials segments has been driven by the continued substitution of our products for other materials across a broad range of applications as well as the level of global economic activity. Historically, demand for many of these products has grown at rates in excess of GDP growth. In Polyurethanes, this growth, particularly in Asia, has recently resulted in improved demand and higher industry capacity utilization rates for many of our key products, including MDI. In 2004, the profitability of our Polyurethanes and Advanced Materials segments improved due to increased demand in several of our key industrial end markets, including aerospace, automotive and construction products. This allowed us to increase selling prices, which more than offset increases in the cost of our primary raw materials, including benzene, propylene and chlorine.

The global PO market is influenced by supply and demand imbalances. PO demand is largely driven by growth in the polyurethane industry, and, as a result, growth rates for PO have generally exceeded GDP growth rates. As a co-product of our PO manufacturing process, we also produce MTBE. MTBE is an oxygenate that is blended with gasoline to reduce harmful vehicle emissions and to enhance the octane rating of gasoline. See " Business Environmental, Health and Safety Matters MTBE Developments" below for more information on the legal and regulatory developments that may curtail or eliminate the use of MTBE in gasoline in the U.S.

In our Performance Products segment, demand for our performance specialties has generally continued to grow at rates in excess of GDP as overall demand is significantly influenced by new

product and application development. In 2004, overall demand for most of our performance intermediates was generally stable or improved, but excess surfactant manufacturing capacity in Europe and a decline in the use of LAB in new detergent formulations limited our ability to increase prices in response to higher raw material costs. In EG, higher industry capacity utilization rates in 2004 due to stronger demand in the PET resin and Asian fiber markets resulted in higher profitability.

Historically, demand for titanium dioxide pigments has grown at rates approximately equal to global GDP growth. Pigment prices have historically reflected industry-wide operating rates but have typically lagged behind movements in these rates by up to twelve months due to the effects of product stocking and destocking by customers and producers, contract arrangements and seasonality. The industry experiences some seasonality in its sales because sales of paints, the largest end use for titanium dioxide, generally peak during the spring and summer months in the northern hemisphere. This results in greater sales volumes in the second and third quarters of the year.

The profitability of our Polymers and Base Chemicals segments has historically been cyclical in nature. The industry has recently operated in a down cycle that resulted from significant new capacity additions, weak demand reflecting soft global economic conditions and high crude oil and natural gas-based raw material costs. Despite continued high feedstock costs, the profitability of our Base Chemicals segment improved in 2004 as demand strengthened and average selling prices and profit margins increased in most of our product lines. According to Nexant, industry fundamentals currently point to a continued cyclical recovery in the olefins and aromatics industries. Limited new capacity additions have been announced for these products in North America and Western Europe over the next several years. Consequently, Nexant currently expects operating rates and profit margins in the polymers and base chemicals markets to increase as demand continues to recover as a result of improved global economic conditions.

Pro Forma Results of Operations

The businesses of our predecessor Huntsman Holdings, LLC underwent significant changes as a result of a number of transactions that were completed in 2003. As a result, the financial information as of and for the nine months ended September 30, 2004 is not comparable to the financial information as of and for the nine months ended September 30, 2003. In order to present data that is useful for comparative purposes, we have included pro forma information for the nine month periods ended September 30, 2003 and 2004. The pro forma information for the nine months ended September 30, 2003 has been prepared as if the HIH Consolidation Transaction, the AdMat Transaction and the Refinancing Transactions occurred on January 1, 2003. HIH became a consolidated subsidiary effective as of May 1, 2003, and Advanced Materials became a consolidated subsidiary effective as of June 30, 2003. The Refinancing Transactions occurred between April 2003 and December 2004. The pro forma information for the nine months ended September 30, 2004 has been prepared as if the Refinancing Transaction that occurred in 2004 occurred on January 1, 2004. We believe the use of pro forma results for the periods covered in this report provides a more meaningful comparison of our results between the applicable periods. These results do not necessarily reflect the results that would have been obtained if we had completed the transactions described above on the dates indicated or that may be

expected in the future. See "Unaudited Pro Forma Financial Data." For a period to period comparison of our historical results of operations, see " Historical Results of Operations."

	Pro Forma	
	Nine Months Ended September 30,	
	2003	2004
	(in millions)	
Revenues	$ 6,885.2	$ 8,357.7
Cost of goods sold	6,150.1	7,358.0
Gross profit	735.1	999.7
Operating expense	567.2	580.9
Restructuring, impairment and plant closing costs	44.3	202.4
Operating income	123.6	216.4
Interest expense, net	(433.5)	(439.8)
Loss on accounts receivable securitization program	(24.0)	(10.2)
Equity in income of unconsolidated affiliates	0.8	3.0
Other non-operating expense	(1.8)	(0.8)
Loss before income taxes and minority interest	(334.9)	(231.4)
Income tax benefit (expense)	2.4	25.7
Minority interests in subsidiaries' loss (income)	5.8	(1.1)
Cumulative effect of accounting change		
Net loss	$ (326.7)	$ (206.8)
Interest expense, net	433.5	439.8
Income tax (benefit) expense	(2.4)	(25.7)
Depreciation and amortization	358.9	410.3
EBITDA(1)	$ 463.3	$ 617.6

(1) EBITDA is defined as net income (loss) before interest, income taxes, depreciation and amortization. We believe that EBITDA enhances an investor's understanding of our financial performance and our ability to satisfy principal and interest obligations with respect to our indebtedness. However, EBITDA should not be considered in isolation or viewed as a substitute for net income, cash flow from operations or other measures of performance as defined by GAAP. Moreover, EBITDA as used herein is not necessarily comparable to other similarly titled measures of other companies due to potential inconsistencies in the method of calculation. Our management uses EBITDA to assess financial performance and debt service capabilities. In assessing financial performance, our management reviews EBITDA as a general indicator of economic performance compared to prior periods. Because EBITDA excludes interest, income taxes, depreciation and amortization, EBITDA provides an indicator of general economic performance that is not affected by debt restructurings, fluctuations in interest rates or effective tax rates, or levels of depreciation and amortization. Accordingly, our management believes this type of measurement is useful for comparing general operating performance from period to period and making certain related management decisions. 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. Our management also believes that our investors use EBITDA as a measure of our ability to service indebtedness as well as to fund capital expenditures and working capital requirements. Nevertheless, our management recognizes that there are material limitations associated with the use of EBITDA in the evaluation of our company as compared to net income, which reflects overall financial performance, including the effects of interest, income taxes, depreciation and amortization. EBITDA excludes interest expense. Because we have borrowed money in order to finance our operations, interest expense is a necessary element of our costs and ability to generate revenue. Therefore, any measure that excludes interest expense has material limitations. EBITDA also excludes taxes. Because the payment of taxes is a necessary element of our operations, any measure that excludes tax expense has material limitations. Finally, EBITDA excludes depreciation and amortization expense. Because we use capital assets, depreciation and amortization expense is a necessary element of our costs and ability to generate revenue. Therefore, any measure that excludes depreciation and amortization expense has material limitations. Our management compensates for the limitations of using EBITDA by using it to supplement GAAP results to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone. Our management also uses other metrics to evaluate capital structure, tax planning and capital investment decisions. For example, our management uses credit ratings and net debt ratios to evaluate capital structure, effective tax rate by jurisdiction to evaluate tax planning, and payback period and internal rate of return to evaluate capital investments. Our management also uses trade working capital to evaluate its investment in receivables and inventory, net of payables.

We believe that net income (loss) is the performance measure calculated and presented in accordance with GAAP that is most directly comparable to EBITDA. We reconcile our net loss to EBITDA in the table above.

We believe that cash provided by (used in) operating activities is the liquidity measure calculated and presented in accordance with GAAP that is most directly comparable to EBITDA. For a reconciliation of historical EBITDA to our historical cash provided by (used in) operations, see " Historical Results of Operations" below.

Included in EBITDA are the following unusual items of (expense) income:

	Pro Forma	
	Nine Months Ended September 30,	
	2003	2004
	(in millions)	
Early extinguishment of debt	$	$ (1.9)
Legal and contract settlement income (expense), net	(5.5)	(6.1)
Gain (loss) on accounts receivable securitization program	(24.0)	(10.2)
Asset write down	(5.8)	
Reorganization costs	(27.5)	
Cumulative effect of accounting change		
Restructuring, impairment and plant closing (expense) income:		
Polyurethanes	$ (22.2)	$ (32.8)
Advanced Materials		
Performance Products	(20.1)	(41.2)
Pigments	(1.1)	(111.7)
Polymers	(0.9)	(7.6)
Base Chemicals		(9.1)
Corporate and other		
Total	$ (44.3)	$ (202.4)

Nine months ended September 30, 2004 (Pro Forma) compared to nine months ended September 30, 2003 (Pro Forma)

For the nine months ended September 30, 2004, we had a net loss of $206.8 million on revenues of $8,357.7 million compared to a net loss of $326.7 million on revenues of $6,885.2 million for the same period in 2003. The decrease of $119.9 million in net loss was the result of the following items:

Revenues for the nine months ended September 30, 2004 increased by $1,472.5 million, or 21%, from the same period in 2003 due to higher average selling prices in all of our operating segments and higher sales volumes in our Polyurethanes, Advanced Materials, Pigments, Polymers and Base Chemicals segments. For details of our changes in selling prices and sales volumes from the prior period, see the discussion by operating segment below.

Gross profit for the nine months ended September 30, 2004 increased by $264.6 million, or 36%, from the same period in 2003. This increase, which occurred in all our segments except Performance Products, was mainly due to higher contribution margins as average selling prices increased more than raw material and energy costs in the 2004 period as compared to the same period in 2003.

Operating expenses for the nine months ended September 30, 2004 increased by $13.7 million, or 2%, from the same period in 2003. This increase was due in part to a $53.8 million decrease in unallocated foreign exchange gains in the 2004 period. We also incurred reorganization costs of $27.5 million in the nine months ended September 30, 2003 related to a number of cost reduction programs by the predecessor company of Advanced Materials. The remaining decrease of $12.6 million in operating expenses was due primarily to cost savings resulting from our ongoing restructuring efforts.

Restructuring and plant closing costs for the nine months ended September 30, 2004 increased by $158.1 million to $202.4 million from $44.3 million in the same period in 2003. For further discussion of restructuring activities, see " Restructuring and Plant Closing Costs" below.

Net interest expense for the nine months ended September 30, 2004 increased by $6.3 million, or 1%, from the same period in 2003. See "Unaudited Pro Forma Financial Data Schedule of Pro Forma and Pro Forma As Adjusted Interest Expense Adjustments."

In the nine months ended September 30, 2004, losses on our accounts receivable securitization program decreased $13.8 million, or 58%, when compared with the same period in 2003. This decrease is mainly attributable to reduced losses on foreign currency hedge contracts in the 2004 period as compared to the 2003 period, primarily in response to an amendment to our accounts receivable securitization program that permits euro-denominated debt, thereby reducing the need for foreign currency hedge contracts.

Income tax benefit increased by $23.3 million to $25.7 million for the nine months ended September 30, 2004 as compared to $2.4 million for the same period in 2003. Our tax obligations are affected by the mix of income and losses in the tax jurisdictions in which we operate. Increased tax benefit was largely due to changes in pre-tax income. Substantially all non-U.S. operations of our Advanced Materials subsidiary are treated as branches for U.S. income tax purposes and are, therefore, subject to both U.S. and non-U.S. income tax. The U.S. tax implications of income from Advanced Materials operations are offset by other U.S. losses, which results in no U.S. tax expense or benefit, net of valuation allowances. Application of the statutory rate would result in a non-U.S. tax expense of approximately $17 million on $50.0 million of Advanced Materials pre-tax income. An additional $15.3 million of tax expense was primarily the result of our recognizing losses in jurisdictions where little or no tax benefit was provided. In addition, we recognized a $55.0 million benefit attributable to non-Advanced Materials foreign operations. In particular, during the nine months ended September 30, 2004 we recognized non-recurring benefits in Spain, France and Holland of approximately $27 million associated with enacted changes in tax rates, the settlement of tax authority examinations and the reversal of previously established valuation allowances. In addition, we recognized approximately $24 million of benefit from losses in jurisdictions not subject to valuation allowances as well as treaty negotiated reductions in statutory rates.

The following table sets forth the revenues and EBITDA for each of our operating segments:

	Pro Forma		
	Nine Months Ended September 30,		
	2003	2004	% Change
	(in millions)		
Revenues			
Polyurethanes	$ 1,718.1	$ 2,117.4	23%
Advanced Materials	790.5	866.4	10%
Performance Products	1,266.3	1,399.7	11%
Pigments	752.5	794.7	6%
Polymers	847.7	1,019.6	20%
Base Chemicals	1,954.2	2,755.8	41%
Eliminations	(444.1)	(595.9)	34%
Total	$ 6,885.2	$ 8,357.7	21%
Segment EBITDA			
Polyurethanes	$ 157.1	$ 270.7	72%
Advanced Materials	(4.7)	121.3	NM
Performance Products	90.3	82.9	(8)%
Pigments	88.3	(53.6)	NM
Polymers	53.4	45.6	(15)%
Base Chemicals	55.8	204.8	267%
Corporate and other	23.1	(54.1)	NM
Total	$ 463.3	$ 617.6	33%

NM Not meaningful

Polyurethanes

For the nine months ended September 30, 2004, Polyurethanes revenues increased by $399.3 million, or 23%, from the same period in 2003, primarily from higher average selling prices and higher sales volumes for MDI. MDI revenues increased by 30%, resulting from 16% higher sales volumes and 12% higher average selling prices. The increase in MDI average selling prices resulted principally from improved market demand coupled with tighter supply, stronger major European currencies versus the U.S. dollar and in response to higher raw material and energy costs. Higher MDI volumes reflect further extension of markets for MDI and recent improvements in global economic conditions.

For the nine months ended September 30, 2004, Polyurethanes segment EBITDA increased by $113.6 million, or 72%, from the same period in 2003. Excluding restructuring charges, increased segment EBITDA of $124.2 million resulted mainly from higher contribution margins as average selling prices increased more than raw material and energy costs. For the nine months ended September 30, 2003 and 2004, restructuring charges of $22.2 million and $32.8 million, respectively, were included in segment EBITDA.

Advanced Materials

On a pro forma basis, Advanced Materials revenues for the nine months ended September 30, 2004 increased by $75.9 million, or 10%, from the same period in 2003. Higher revenues were attributable to a 10% increase in average selling prices, with stable sales volumes. Average selling prices were higher due to price increase initiatives in certain markets in response to improved demand, higher raw material costs and the effect of the strength of the major European currencies versus the U.S. dollar.

For the nine months ended September 30, 2004, Advanced Materials segment EBITDA increased by $126.0 million to $121.3 million from a loss of $4.7 million for the same period in 2003. The 2003 period includes reorganization costs of $27.5 million and foreign currency losses of $33.8 million related to the debt structure of Advanced Materials' predecessor. The remaining $64.7 million increase in segment EBITDA was primarily due to higher contribution margins as average selling prices increased more than raw material costs.

Performance Products

For the nine months ended September 30, 2004, Performance Products revenues increased by $133.4 million, or 11%, from the same period in 2003 primarily as a result of higher average selling prices for all products, offset somewhat by lower sales volumes in certain product lines. Overall, average selling prices increased by 14% in response to higher raw material and energy costs, improved market conditions and the strength of European and Australian currencies versus the U.S. dollar. The 3% decrease in sales volumes resulted principally from lower amine and surfactants sales. The reduction in surfactants sales volumes was due to reduced customer demand in certain product lines and increased competition in the marketplace.

For the nine months ended September 30, 2004, Performance Products segment EBITDA decreased by $7.4 million, or 8%, from the same period in 2003, resulting primarily from higher restructuring charges. During the nine months ended September 30, 2004, we recorded restructuring charges of $41.2 million related to workforce reductions at several of our European surfactants locations and the closure of our Guelph, Canada, Queeny, Missouri and Austin, Texas facilities. In the same period in 2003, we recorded a $20.1 million restructuring charge mainly related to the closure of a number of units at our Whitehaven, U.K. facility. Excluding restructuring charges, EBITDA for the nine months ended September 30, 2004 increased by $13.7 million compared to the same period in 2003. This increase was the result of higher contribution margins as average selling prices more than offset the increase in raw materials and energy costs.

Pigments

For the nine months ended September 30, 2004, Pigments segment revenues increased by $42.2 million, or 6%, from the same period in 2003, resulting from a 3% increase in sales volumes and a 2% increase in average selling prices. The growth in sales volumes was primarily due to increased demand in Asia. Average selling prices benefited from the strengthening of major European currencies versus the U.S. dollar.

Pigments segment EBITDA for the nine months ended September 30, 2004 decreased by $141.9 million to a loss of $53.6 million from $88.3 million for the same period in 2003. The decrease in segment EBITDA is mainly due to restructuring and plant closing costs of $111.7 million and charges of $14.9 million relating to the payment of costs and settlement amounts for claims relating to discoloration of nonplasticized polyvinyl chloride products allegedly caused by our titanium dioxide ("Discoloration Claims") recorded in the 2004 period. The remaining segment EBITDA increase of $16.4 million was primarily due to higher revenues (as discussed above), which were only partially offset by higher costs resulting from the strengthening of the major European currencies versus the U.S.

dollar. During the nine months ended September 30, 2003 and 2004, our Pigments segment recorded restructuring charges of $1.1 million and $111.7 million, respectively.

Polymers

For the nine months ended September 30, 2004, Polymers revenues increased by $171.9 million, or 20%, from the same period in 2003 due mainly to 15% higher average selling prices and 5% higher sales volumes. Higher average selling prices were primarily in response to higher raw material and energy costs while sales volumes increased principally as a result of stronger customer demand.

For the nine months ended September 30, 2004, Polymers segment EBITDA decreased by $7.8 million, or 15%, from the same period in 2003. The decrease in segment EBITDA was primarily due to a $7.6 million restructuring charge related to the closure of an Australian manufacturing unit. Higher revenues for the nine months ended September 30, 2004 were offset by increased raw material prices.

Base Chemicals

For the nine months ended September 30, 2004, Base Chemicals revenues increased $801.6 million, or 41%, from the same period in 2003 due mainly to a 30% increase in average selling prices and an 8% increase in sales volumes. Higher average selling prices were primarily in response to higher raw material and energy costs and the strengthening of major European currencies versus the U.S. dollar. Sales volumes increased for all key products, driven by increased sales volumes of ethylene, propylene and cyclohexane of 6%, 12% and 12%, respectively, principally as a result of increased demand.

For the nine months ended September 30, 2004, Base Chemicals segment EBITDA increased by $149.0 million, or 267%, from the same period in 2003 primarily as a result of higher contribution margins as average selling prices increased more than raw material and energy costs. EBITDA for the nine months ended September 30, 2004 included $9.1 million of restructuring charges related to workforce reductions primarily at our Wilton and North Tees, U.K. facilities.

Corporate and Other

Corporate and other items includes unallocated corporate overhead, unallocated foreign exchange gains and losses, loss on the sale of accounts receivable, other non-operating income and expense and minority interest in subsidiaries' loss. For the nine months ended September 30, 2004, EBITDA from corporate and other items decreased by $77.2 million to a loss of $54.1 million from $23.1 million for the same period in 2003. Lower EBITDA resulted primarily from a negative impact from unallocated foreign currency gains and losses in the nine months ended September 30, 2004 as compared to the comparable period in 2003.

Historical Results of Operations

The businesses of our predecessor Huntsman Holdings, LLC underwent significant changes as a result of a number of transactions. In our historical financial data, HIH is accounted for using the equity method of accounting through April 30, 2003. Effective May 1, 2003, as a result of the HIH Consolidation Transaction, we have consolidated the financial results of HIH. Effective July 1, 2003, as a result of the AdMat Transaction, we have consolidated the financial results of Advanced Materials. Effective September 30, 2002, as a result of the HLLC Restructuring, we have consolidated the financial results of Huntsman Chemical Company Australia Pty Ltd. ("HCCA"). See Note 1 to the Consolidated Financial Statements of Huntsman Holdings, LLC included elsewhere in this prospectus for a discussion of the HLLC Restructuring. As a result, the financial information as of and for the year ended December 31, 2003 is not comparable to the prior years' historical financial data presented

herein, and the financial information as of and for the nine months ended September 30, 2004 is not comparable to the financial information as of and for the nine months ended September 30, 2003.

	Year Ended December 31,				Nine Months Ended September 30,	
	Historical			Pro Forma	Historical	
	2001	2002	2003	2003	2003	2004
	(in millions)					
Revenues	$ 2,757.4	$ 2,661.0	$ 7,080.9	$ 9,252.4	$ 4,711.1	$ 8,357.7
Cost of goods sold	2,666.6	2,421.0	6,373.1	8,255.1	4,258.7	7,358.0
Gross profit	90.8	240.0	707.8	997.3	452.4	999.7
Operating expense	211.7	174.7	493.4	732.2	333.3	580.9
Restructuring, impairment and plant closing costs (credit)	588.5	(1.0)	37.9	55.0	27.2	202.4
Operating (loss) income	(709.4)	66.3	176.5	210.1	91.9	216.4
Interest expense, net	(239.3)	(181.9)	(409.1)	(578.7)	(260.7)	(459.5)
Loss on sale of accounts receivable	(5.9)		(20.4)	(32.4)	(11.9)	(10.2)
Equity in (loss) income of unconsolidated affiliates	(86.8)	(31.4)	(37.5)	1.5	(38.2)	3.0
Other (expense) income	0.6	(7.6)		(2.2)	0.4	(0.8)
Loss before income tax benefit and minority interests	(1,040.8)	(154.6)	(290.5)	(401.7)	(218.5)	(251.1)
Income tax benefit (expense)	184.9	(8.5)	(30.8)	(32.1)	3.8	25.7
Minority interests in subsidiaries' loss (income)	13.1	(28.8)	1.5	6.8	0.5	(1.1)
Cumulative effect of accounting changes	0.1	169.7				
Net loss	$ (842.7)	$ (22.2)	$ (319.8)	$ (427.0)	$ (214.2)	$ (226.5)
Interest expense, net	239.3	181.9	409.1	578.7	260.7	459.5
Income tax (benefit) expense	(184.9)	8.5	30.8	32.1	(3.8)	(25.7)
Depreciation and amortization	197.5	152.7	353.4	479.7	230.5	410.3
EBITDA(1)	$ (590.8)	$ 320.9	$ 473.5	$ 663.5	$ 273.2	$ 617.6
Net cash provided by (used in) operating activities	(287.0)	88.7	225.4		(36.8)	55.9
Net cash (used in) provided by investing activities	86.2	(24.5)	(908.5)		(842.1)	(160.7)
Net cash provided by (used in) financing activities	182.2	(93.0)	786.7		947.7	128.2

(1) EBITDA is defined as net income (loss) before interest, income taxes, depreciation and amortization. We believe that EBITDA enhances an investor's understanding of our financial performance and our ability to satisfy principal and interest obligations with respect to our indebtedness. However, EBITDA should not be considered in isolation or viewed as a substitute for net income, cash flow from operations or other measures of performance as defined by GAAP. Moreover, EBITDA as used herein is not necessarily

comparable to other similarly titled measures of other companies due to potential inconsistencies in the method of calculation. Our management uses EBITDA to assess financial performance and debt service capabilities. In assessing financial performance, our management reviews EBITDA as a general indicator of economic performance compared to prior periods. Because EBITDA excludes interest, income taxes, depreciation and amortization, EBITDA provides an indicator of general economic performance that is not affected

by debt restructurings, fluctuations in interest rates or effective tax rates, or levels of depreciation and amortization. Accordingly, our management believes this type of measurement is useful for comparing general operating performance from period to period and making certain related management decisions. 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. Our management also believes that our investors use EBITDA as a measure of our ability to service indebtedness as well as to fund capital expenditures and working capital requirements. Nevertheless, our management recognizes that there are material limitations associated with the use of EBITDA in the evaluation of our company as compared to net income, which reflects overall financial performance, including the effects of interest, income taxes, depreciation and amortization. EBITDA excludes interest expense. Because we have borrowed money in order to finance our operations, interest expense is a necessary element of our costs and ability to generate revenue. Therefore, any measure that excludes interest expense has material limitations. EBITDA also excludes taxes. Because the payment of taxes is a necessary element of our operations, any measure that excludes tax expense has material limitations. Finally, EBITDA excludes depreciation and amortization expense. Because we use capital assets, depreciation and amortization expense is a necessary element of our costs and ability to generate revenue. Therefore, any measure that excludes depreciation and amortization expense has material limitations. Our management compensates for the limitations of using EBITDA by using it to supplement GAAP results to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone. Our management also uses other metrics to evaluate capital structure, tax planning and capital investment decisions. For example, our management uses credit ratings and net debt ratios to evaluate capital structure, effective tax rate by jurisdiction to evaluate tax planning, and payback period and internal rate of return to evaluate capital investments. Our management also uses trade working capital to evaluate its investment in receivables and inventory, net of payables.

We believe that net income (loss) is the performance measure calculated and presented in accordance with GAAP that is most directly comparable to EBITDA and that cash provided by (used in) operating activities is the liquidity measure calculated and presented in accordance with

GAAP that is most directly comparable to EBITDA. The following table reconciles EBITDA to our net loss and to our cash provided by (used in) operations:

	Year Ended December 31,				Nine Months Ended September 30,	
	Historical			Pro Forma		
	2001	2002	2003	2003	2003	2004
	(in millions)					
EBITDA	$ (590.8)	$ 320.9	$ 473.5	$ 663.5	$ 273.2	$ 617.6
Depreciation and amortization expense	(197.5)	(152.7)	(353.4)	(479.7)	(230.5)	(410.3)
Interest expense, net	(239.3)	(181.9)	(409.1)	(578.7)	(260.7)	(459.5)
Income tax benefit (expense)	184.9	(8.5)	(30.8)	(32.1)	3.8	25.7
Net loss	(842.7)	(22.2)	(319.8)	(427.0)	(214.2)	(226.5)
Cumulative effect of accounting changes	(0.1)	(169.7)				
Equity in losses (income) of investment in unconsolidated affiliates	86.8	31.4	37.5		38.2	(3.0)
Depreciation and amortization expense	197.5	152.7	353.4		230.5	410.3
Noncash restructuring, plant closing and asset impairment charges (credits)	528.2	(5.3)	9.7		12.3	109.0
Noncash interest (including interest on affiliate debt)	10.4	(5.5)	90.7		44.5	118.0
Deferred income taxes	(184.5)		(3.6)		(27.8)	(55.8)
Unrealized gains on foreign currency transactions			(58.3)		(17.4)	(26.1)
Other, net	(4.3)	34.2	12.2		6.3	6.4
Changes in operating assets and liabilities (net of acquisitions)	(78.3)	73.1	103.6		(109.2)	(276.4)
Net cash (used in) provided by operating activities	$ (287.0)	$ 88.7	$ 225.4		$ (36.8)	$ 55.9

Nine months ended September 30, 2004 (Historical) compared to nine months ended September 30, 2003 (Historical)

For the nine months ended September 30, 2004, we had a net loss of $226.5 million on revenues of $8,357.7 million compared to a net loss of $214.2 million on revenues of $4,711.1 million for the same period in 2003. The increase of $12.3 million in net loss was the result of the following items:

Revenues for the nine months ended September 30, 2004 increased by $3,646.6 million, or 77%, to $8,357.7 million from $4,711.1 million during the same period in 2003. Approximately 60% of this increase was due to our consolidation of HIH following the HIH Consolidation Transaction effective May 1, 2003 and our ownership of Advanced Materials following the AdMat Transaction on June 30, 2003, in each case for the entire period in 2004. The remaining approximately 40% of the increase was due to higher average selling prices in all our operating segments and higher sales volumes in our Polyurethanes, Advanced Materials, Pigments, Polymers and Base Chemicals segments. For details of the changes in selling prices and sales volumes from the prior year, please see our discussion by operating segment below.

Gross profit for the nine months ended September 30, 2004 increased by $547.3 million, or 121%, to $999.7 million from $452.4 million in the same period in 2003. Approximately 52% of

this increase was due to our consolidation of HIH following the HIH Consolidation Transaction effective May 1, 2003 and our ownership of Advanced Materials following the AdMat Transaction on June 30, 2003, in each case for the entire period in 2004. The remaining approximately 48% of the increase was due to higher contribution margins as average selling prices increased more than raw material and energy costs in 2004 as compared with the same period in 2003.

Operating expenses for the nine months ended September 30, 2004 increased by $247.6 million, or 74%, to $580.9 million from $333.3 million in the same period in 2003. Approximately 94% of this increase was due to our consolidation of HIH following the HIH Consolidation Transaction effective May 1, 2003 and our ownership of Advanced Materials following the AdMat Transaction on June 30, 2003, in each case for the entire period in 2004.

Restructuring, impairment and plant closing costs for the nine months ended September 30, 2004 increased by $175.2 million to $202.4 million from $27.2 million in the same period in 2003. This increase was in part due to our consolidation of HIH for the entire period in 2004 following the HIH Consolidation Transaction effective May 1, 2003. For the nine months ended September 30, 2004, our Polyurethanes segment recorded charges of $24.8 million related to workforce reductions at our Everberg, Belgium, West Deptford, New Jersey and Rozenburg, Netherlands sites; our Advanced Materials segment recorded no charges as charges for its restructuring activities were recorded in Advanced Materials' opening balance sheet; our Performance Products segment recorded charges of $41.2 million primarily related the closure of our Guelph, Canada facility and a workforce reduction across all locations in our European surfactants business; our Pigments segment recorded charges of $111.7 million related to the idling of manufacturing units at Umbogintwini, South Africa and Grimsby, U.K. and the related workforce reductions; our Polymers segment recorded charges of $7.6 million related to the closure of a manufacturing unit in Australia; and our Base Chemicals segment recorded restructuring charges of $9.1 million primarily related to workforce reductions and a change in work shift schedules at our Wilton and North Tees, U.K. facilities.

Net interest expense for the nine months ended September 30, 2004 increased by $198.8 million to $459.5 million from $260.7 million for the same period in 2003. Approximately 97% of this increase was due to our consolidation of HIH following the HIH Consolidation Transaction effective May 1, 2003 and our ownership of Advanced Materials following the AdMat Transaction on June 30, 2003, in each case for the entire period in 2004.

Loss on HI's accounts receivable securitization program decreased $1.7 million, or 14%, to a loss of $10.2 million for the nine months ended September 30, 2004 as compared to a loss of $11.9 million for 2003. Losses on the accounts receivable securitization program include the discount on receivables sold into the program, fees and expenses associated with the program and gains (losses) on foreign currency hedge contracts mandated by the terms of the program to hedge currency exposures on the collateral supporting the off-balance sheet debt issued.

Income tax benefit increased by $21.9 million to a benefit of $25.7 million for the nine months ended September 30, 2004 as compared to income tax benefit of $3.8 million for the nine months ended September 30, 2003. Our tax obligations are affected by the mix of income and losses in the tax jurisdictions in which we operate. Increased tax benefit was largely due to changes in pre-tax income. Substantially all non-U.S. operations of our Advanced Materials subsidiary are treated as branches for U.S. income tax purposes and are, therefore, subject to both U.S. and non-U.S. income tax. The U.S. tax implications of income from Advanced Materials operations are offset by other U.S. losses, which results in no U.S. tax expense or benefit, net of valuation allowances. Application of the statutory rate would result in a non-U.S. tax expense of approximately $17 million on $50.0 million of Advanced Materials pre-tax

income. An additional $15.3 million of tax expense was primarily the result of our recognizing losses in jurisdictions where little or no tax benefit was provided. In addition, we recognized a $55.0 million benefit attributable to non-Advanced Materials foreign operations. In particular, during the nine months ended September 30, 2004 we recognized non-recurring benefits in Spain, France and Holland of approximately $27 million associated with enacted changes in tax rates, the settlement of tax authority examinations and the reversal of previously established valuation allowances. In addition, we recognized approximately $24 million of benefit from losses in jurisdictions not subject to valuation allowances as well as treaty negotiated reductions in statutory rates.

The following table sets forth certain financial information for each of our operating segments:

	Historical		
	Nine Months Ended September 30,		
	2003	2004	% Change
	(in millions)		
Revenues			
Polyurethanes	$ 983.3	$ 2,117.4	115%
Advanced Materials	258.7	866.4	235%
Performance Products	1,084.4	1,399.7	29%
Pigments	421.6	794.6	88%
Polymers	847.7	1,019.6	20%
Base Chemicals	1,467.0	2,755.8	88%
Eliminations	(351.6)	(595.9)	69%
Total	$ 4,711.1	$ 8,357.7	77%
Segment EBITDA			
Polyurethanes	$ 99.8	$ 270.7	171%
Advanced Materials	19.5	121.3	522%
Performance Products	87.7	82.9	(5)%
Pigments	47.6	(53.6)	NM
Polymers	53.4	45.6	(15)%
Base Chemicals	24.8	204.8	726%
Corporate and other	(59.6)	(54.1)	(9)%
Total EBITDA	$ 273.2	$ 617.6	126%

NM Not Meaningful

Polyurethanes

For the nine months ended September 30, 2004, Polyurethanes revenues increased by $1,134.1 million, or 115.5%, from the same period in 2003. Approximately 65% of this increase was due to our consolidation of HIH for the entire period in 2004 following the HIH Consolidation Transaction effective May 1, 2003. The remaining approximately 35% increase in Polyurethanes revenues was primarily due to higher average selling prices and higher sales volumes for MDI. MDI revenues increased by approximately 31%, resulting from approximately 15% higher sales volumes and approximately 16% higher average selling prices. The increase in MDI average selling prices resulted principally from improved market demand coupled with tighter supply, stronger major European currencies versus the U.S. dollar and in response to higher raw material and energy costs. Higher MDI volumes reflect further extensions of markets for MDI and recent improvements in global economic conditions.

For the nine months ended September 30, 2004, Polyurethanes segment EBITDA increased by $170.9 million, or 171%, to $270.7 million from $99.8 million for the same period in 2003, approximately 34% of which was due to our consolidation of HIH for the entire period in 2004 following the HIH Consolidation Transaction effective May 1, 2003. The remaining approximately 66% of the increase, exclusive of restructuring costs, of $141.2 million resulted mainly from higher contribution margins as average selling prices increased more than raw materials and energy costs. For the nine months ended September 2003 and 2004, restructuring charges of $5.2 million and $32.8 million, respectively, were included in segment EBITDA.

Advanced Materials

Advanced Materials revenues for the nine months ended September 30, 2004 increased by $607.7 million, or 235%, from the same period in 2003. Approximately 88% of the increase was attributable to our ownership of Advanced Materials for the entire period in 2004 following the AdMat Transaction on June 30, 2003. The remaining approximately 12% increase in revenues for 2004 as compared to 2003 was due to an approximately 9% increase in average selling prices and an approximately 4% increase in sales volumes. Average selling prices were higher due to improved demand in certain markets in response to higher raw material costs and, in part, to the strength of the major European currencies versus the U.S. dollar.

For the nine months ended September 30, 2004, Advanced Materials segment EBITDA increased by $101.8 million to $121.3 million from $19.5 million for the same period of 2003. Approximately 24% of the increase was attributable to the our ownership of Advanced Materials for the entire period in 2004 following the AdMat Transaction on June 30, 2003. The remaining approximately 76% increase in segment EBITDA was primarily due to higher contribution margins as average selling prices increased more than raw material costs.

Performance Products

For the nine months ended September 30, 2004, Performance Products revenues increased by $315.3 million, or 29%, from the same period in 2003. Approximately 58% of this increase was due to our consolidation of HIH for the entire period in 2004 following the HIH Consolidation Transaction effective May 1, 2003. The remaining increase in revenues resulted primarily from higher average selling prices for all products, offset somewhat by lower sales volumes in certain product lines. Overall, average selling prices increased by approximately 14% in response to higher raw material and energy costs, improved market conditions and the strength of the Australian dollar versus the U.S. dollar. An approximately 1% decrease in sales volumes resulted principally from lower sales volumes of amines and surfactants. The reduction in surfactants sales volumes was due principally to increased competition in the marketplace.

For the nine months ended September 30, 2004, Performance Products segment EBITDA decreased by $4.8 million, or 5%, to $82.9 million from $87.7 million for the same period in 2003, approximately 54% of which was due to our consolidation of HIH for the entire period in 2004 following the HIH Consolidation Transaction effective May 1, 2003. The remaining decrease in EBITDA resulted primarily from restructuring charges. During the nine months ended September 30, 2004, HLLC recorded restructuring charges of $23.3 million related primarily to the closure of our Guelph, Canada, Queeny, Missouri and Austin, Texas facilities. Exclusive of these restructuring costs, EBITDA increased by approximately $21.1 million, most of which resulted from higher contribution margins as average selling prices increased more than raw material and energy costs.

Pigments

For the nine months ended September 30, 2004, Pigments revenues increased by $373.0 million, or 88%, from the same period in 2003. Approximately 89% of this increase was due to our consolidation of HIH for the entire period in 2004 following the HIH Consolidation Transaction effective May 1, 2003. The remaining approximately 11% of the increase in revenues was due to approximately 5% higher sales volumes and approximately 1% higher average sales prices. The growth in sales volumes was primarily due to increased demand in Asia. Average selling prices benefited from the strength of major European currencies versus the U.S. dollar.

Pigments segment EBITDA for the nine months ended September 30, 2004 decreased by $101.2 million to a loss of $53.6 million from income of $47.6 million for the same period in 2003, due primarily to increased restructuring expenses. During the nine months ended September 30, 2004 and 2003, our Pigments segment recorded restructuring and asset impairment charges of $111.7 million and $1.1 million, respectively.

Polymers

For the nine months ended September 30, 2004, Polymers revenues increased by $171.9 million, or 20%, to $1,019.6 million from $847.7 million the same period in 2003 due mainly to approximately 15% higher average selling prices and approximately 5% higher sales volumes. Higher average selling prices were primarily in response to higher raw material and energy costs while sales volumes increased principally as a result of stronger customer demand.

For the nine months ended September 30, 2004, Polymers segment EBITDA decreased by $7.8 million to $45.6 million from $53.4 million for the same period in 2003. The decrease in segment EBITDA was primarily due to a $7.6 million restructuring charge related to the closure of an Australian manufacturing unit. Higher average selling prices were offset by higher raw material costs.

Base Chemicals

For the nine months ended September 30, 2004, Base Chemicals revenues increased $1,288.8 million, or 88%, from the same period in 2003. Approximately 38% of this increase was due to our consolidation of HIH for the entire period in 2004 following the HIH Consolidation Transaction effective May 1, 2003. The remaining increase in revenue is due to approximately 51% higher average selling prices and approximately 3% higher sales volumes. Higher average selling prices were primarily in response to higher raw material and energy costs. Sales volumes increases were principally the result of increased demand.

For the nine months ended September 30, 2004, Base Chemicals segment EBITDA increased by $180.0 million to $204.8 million from $24.8 million for the same period in 2003, approximately 17% of which was due to our consolidation of HIH for the entire period in 2004 following the HIH Consolidation Transaction effective May 1, 2003. The remaining increase in EBITDA was primarily a result of higher contribution margins as average selling prices increased more than raw material and energy costs.

Corporate and Other

Corporate and other items includes unallocated corporate overhead, unallocated foreign exchange gains and losses, loss on the sale of accounts receivable, other non-operating income and expense and minority interest in subsidiaries' loss. For the nine months ended September 30, 2004, EBITDA from corporate and other items increased by $5.5 million to a loss of $54.1 million from loss of $59.6 million for the same period in 2003.

Year Ended December 31, 2003 (Historical) Compared to Year Ended December 31, 2002 (Historical)

For the year ended December 31, 2003, we had a net loss of $319.8 million on revenues of $7,080.9 million, compared to net loss of $22.2 million on revenues of $2,661.0 million for 2002. The decrease of $297.6 million in net income was the result of the following items:

Revenues for the year ended December 31, 2003 increased by $4,419.9 million to $7,080.9 million from $2,661.0 million during 2002. Approximately 87% of this increase was due to our consolidation of HIH following the HIH Consolidation Transaction effective May 1, 2003 and our ownership of Advanced Materials following the AdMat Transaction on June 30, 2003, in each case for the remainder of 2003. The remaining approximately 13% of the increase was due to higher average selling prices in all of our segments and higher sales volumes in our Performance Products and Polymers segments. For details of our changes in selling prices and sales volumes from the prior year, please see our discussion by operating segment below. Pro forma revenues for the year ended December 31, 2003 were $9,252.4 million.

Gross profit for the year ended December 31, 2003 increased by $467.8 million to $707.8 million from $240.0 million in 2002. This increase was due to our consolidation of HIH following the HIH Consolidation Transaction effective May 1, 2003 and our ownership of Advanced Materials following the AdMat Transaction on June 30, 2003, in each case for the remainder of 2003. Excluding the impact of the HIH Consolidation Transaction and the AdMat Transaction, gross profit declined by approximately 11%. This decrease was primarily attributable to lower contribution margins as average selling prices decreased more than raw material and energy costs. Pro forma gross profit for the year ended December 31, 2003 was $997.3 million.

Operating expenses for the year ended December 31, 2003 increased by $318.7 million to $493.4 million from $174.7 million in 2002. This increase was due to our consolidation of HIH following the HIH Consolidation Transaction effective May 1, 2003 and our ownership of Advanced Materials following the AdMat Transaction on June 30, 2003, in each case for the remainder of 2003. Excluding the impact of the HIH Consolidation Transaction and the AdMat Transaction, operating expenses declined by approximately 10%. This decline was primarily due to reorganization costs of $18.6 million incurred in 2002. Pro forma operating expenses for the year ended December 31, 2003 were $732.2 million.

During the year ended December 31, 2003, we recorded restructuring, plant closing and asset impairment charges of $37.9 million. The majority of these costs were incurred in our Polyurethanes and Performance Products segments. Our Polyurethanes segment recorded restructuring charges in connection with the integration of our global flexible products unit into our urethane specialties unit and various cost initiatives at our Rozenburg, Netherlands manufacturing site. Our Performance Products segment recorded restructuring charges relating to the closure of certain production units at our Whitehaven, U.K. facility, the closure of an administrative office in London, U.K., the rationalization of a surfactants technical center in Oldbury, U.K. and the restructuring of our Barcelona, Spain facility. We also reversed $2.4 million of prior years' restructuring charges accrued in connection with our manufacturing operations at our Base Chemicals segment's Jefferson County, Texas facilities to reflect actual cash paid. Pro forma restructuring, impairment and plant closing costs for the year ended December 31, 2003 were $55.0 million.

Net interest expense for the year ended December 31, 2003 increased by $227.2 million to $409.1 million from $181.9 million for 2002. This increase was entirely due to our consolidation of HIH following the HIH Consolidation Transaction effective May 1, 2003 and our ownership of Advanced Materials following the AdMat Transaction on June 30, 2003, in each case for the remainder of 2003. Excluding the impact of the HIH Consolidation Transaction and the AdMat Transaction, net interest expense decreased to $150.3 million. The decrease was primarily due to

a net reduction of debt as a consequence of our restructuring, which was completed on September 30, 2002. Pro forma net interest expense for the year ended December 31, 2003 was $578.4 million.

Loss on HI's accounts receivable securitization program increased $20.4 million to a loss of $20.4 million for the year ended December 31, 2003 as compared to a loss of $0.0 million for 2002. This increase was entirely due to our consolidation of HIH for the remainder of 2003 following the HIH Consolidation Transaction effective May 1, 2003. Losses on the accounts receivable securitization program include the discount on receivables sold into the program, fees and expenses associated with the program and gains (losses) on foreign currency hedge contracts mandated by the terms of the program to hedge currency exposures on the collateral supporting the off-balance sheet debt issued. Pro forma loss on sale of accounts receivable for the year ended December 31, 2003 was $32.4 million.

Income tax expense increased $22.3 million to an expense of $30.8 million for the year ended December 31, 2003 as compared to an expense of $8.5 million for 2002. This increase was primarily due to our consolidation of HIH following the HIH Consolidation Transaction effective May 1, 2003 and our ownership of Advanced Materials following the AdMat Transaction on June 30, 2003, in each case for the remainder of 2003. Excluding the impact of the HIH Consolidation Transaction and the AdMat Transaction, income tax expense increased by 89%. Our tax obligations are affected by the mix of income and losses in the tax jurisdictions in which we operate. Pro forma income tax expense for the year ended December 31, 2003 was $32.1 million.

Minority interest in subsidiary losses decreased by $30.3 million to income of $1.5 million for the year ended December 31, 2003 as compared to a loss of $28.8 million for 2002. This decrease was due to our consolidation of HIH for the remainder of 2003 following the HIH Consolidation Transaction effective May 1, 2003. We had no minority interests in subsidiaries prior to the HIH Consolidation Transaction. Pro forma minority interest in subsidiaries' income for the year ended December 31, 2003 was $6.8 million.

Cumulative effect of accounting changes resulted in an increase to net income of $169.7 million for the year ended December 31, 2002. This increase was due to the effects of the initial adoption of SFAS No. 141 "*Business Combinations*." The adoption of SFAS No. 141 resulted in the increase in the carrying value of our investment in HIH to reflect our proportionate share of the underlying assets. Effective June 30, 1999, Huntsman Specialty, our consolidated subsidiary, transferred its PO business to HIH. The transfer of our PO business was recorded at the net book value of the assets and liabilities transferred. The carrying value of our investment in HIH was less than our proportionate share of the underlying net assets of HIH at December 31, 2001 by approximately $176.1 million. Prior to the adoption of SFAS No. 141, this difference was being accreted to income over a 20-year period.

The following table sets forth certain financial information for each of our operating segments:

	Historical Year Ended December 31, 2002	Historical Year Ended December 31, 2003	% Change	Pro Forma Year Ended December 31, 2003
	(in millions)			
Revenues				
Polyurethanes	$	$ 1,562.4	NM	$ 2,297.5
Advanced Materials		517.8	NM	1,049.6
Performance Products	1,028.2	1,507.7	47%	1,689.6
Pigments		678.9	NM	1,009.9
Polymers	840.2	1,155.5	38%	1,155.5
Base Chemicals	996.2	2,152.7	116%	2,639.9
Eliminations	(203.6)	(494.1)	143%	(589.6)
Total	$ 2,661.0	$ 7,080.9	166%	$ 9,252.4
Segment EBITDA(1)				
Polyurethanes	$	$ 176.0	NM	$ 233.4
Advanced Materials		38.6	NM	48.2
Performance Products	164.4	125.6	(24)%	128.3
Pigments		64.7	NM	105.4
Polymers	74.7	80.8	8%	80.8
Base Chemicals	44.7	40.7	(9)%	71.7
Corporate and other	(132.6)	(52.9)	60%	(4.3)
Total	$ 151.2	$ 473.5	213%	$ 663.5

(1) Segment EBITDA is defined as net income (loss) from continuing operations before interest, income taxes and depreciation and amortization. Segment EBITDA for the year ended December 31, 2002 excludes the impacts of a cumulative effect of accounting change credit of $169.7 million.

Polyurethanes

For the year ended December 31, 2003, Polyurethanes revenues increased by $1,562.4 million to $1,562.4 million from $0.0 million for 2002. The increase was the result of our consolidation of HIH for the remainder of 2003 following the HIH Consolidation Transaction effective May 1, 2003. Pro forma Polyurethanes revenues for the year ended December 31, 2003 were $2,297.5 million.

For the year ended December 31, 2003, Polyurethanes segment EBITDA increased by $176.0 million to $176.0 million from $0.0 million for the same period in 2002. The increase was the result of our consolidation of HIH for the remainder of 2003 following the HIH Consolidation Transaction effective May 1, 2003. Pro forma Polyurethanes segment EBITDA for the year ended December 31, 2003 was $233.4 million.

Advanced Materials

Advanced Materials revenues for the year ended December 31, 2003 increased by $517.8 million to $517.8 million from $0.0 million for 2002. The increase was the result of our ownership of Advanced Materials for the remainder of 2003 following the AdMat Transaction on

June 30, 2003. Pro forma Advanced Materials revenues for the year ended December 31, 2003 were $1,049.6 million.

For the year ended December 31, 2003, Advanced Materials segment EBITDA increased by $38.6 million to $38.6 million from $0.0 million for the same period in 2002. The increase was the

result of our ownership of Advanced Materials for the remainder of 2003 following the AdMat Transaction on June 30, 2003. Pro forma Advanced Materials segment EBITDA for the year ended December 31, 2003 was $48.2 million.

Performance Products

For the year ended December 31, 2003, Performance Products revenues increased by $479.5 million, or 47%, to $1,507.7 million from $1,028.2 million in 2002. Approximately 82% of the increase was the result of our consolidation of HIH for the remainder of 2003 following the HIH Consolidation Transaction effective May 1, 2003. Excluding the impact of the HIH Consolidation Transaction, higher revenues resulted mainly from increases in average selling prices of 1% and sales volumes of 6%. Pro forma Performance Products revenues for the year ended December 31, 2003 were $1,689.6 million.

For the year ended December 31, 2003, Performance Products segment EBITDA fell by $38.8 million to $125.6 million from $164.4 million in 2002, approximately 47% of which was due to our consolidation of HIH for the remainder of 2003 following the HIH Consolidation Transaction effective May 1, 2003. Excluding the impact of the HIH Consolidation Transaction, lower EBITDA resulted mainly from lower contribution margins as average selling prices decreased more than raw material costs. Pro forma Performance Products segment EBITDA for the year ended December 31, 2003 was $128.3 million.

Pigments

For the year ended December 31, 2003, Pigments revenues increased by $678.9 million to $678.9 million from $0.0 million for the same period in 2002. The increase was the result of our consolidation of HIH for the remainder of 2003 following the HIH Consolidation Transaction effective May 1, 2003. Pro forma Pigments revenues for the year ended December 31, 2003 were $1,009.9 million.

For the year ended December 31, 2003, Pigments segment EBITDA increased by $64.7 million to $64.7 million from $0.0 million in 2002. The increase was the result of our consolidation of HIH for the remainder of 2003 following the HIH Consolidation Transaction effective May 1, 2003. Pro forma Pigments segment EBITDA for the year ended December 31, 2003 was $105.4 million.

Polymers

For the year ended December 31, 2003, Polymers revenues increased by $315.3 million, or 38%, to $1,155.5 million from $840.2 million in 2002. Overall sales volumes increased by 8% and average selling prices increased by 13%. Polyethylene revenues increased by 22%, as average selling prices increased 20% primarily in response to higher underlying raw material and energy costs, and sales volumes increased 2%. After giving effect to the shutdown of a manufacturing line in Odessa, Texas, polypropylene revenues increased by 11%, as average selling prices increased by 11% primarily in response to higher raw material and energy costs and increased industry operating rates. APAO revenues increased by 29%, as average selling prices increased 5% due to changes in product mix, and sales volumes increased 24% as the result of increased export sales and increased sales into the roofing market. EPS revenues increased by 10%, as average selling prices increased 16% primarily in response to higher underlying raw material and energy costs, while sales volumes decreased 6% due to import competition. Australian styrenics revenues increased by 25%, resulting from an increase in average selling prices of 21%, the majority of which was attributable to the strength of the Australian dollar versus the U.S. dollar, and an increase in sales volumes of 4%. Pro forma Polymers revenues for the year ended December 31, 2003 were $1,155.5 million.

For the year ended December 31, 2003, Polymers segment EBITDA increased by $6.1 million to $80.8 million from $74.7 million in 2002. The increase in EBITDA is due to higher contribution

margins as average selling prices increased more than raw material costs. Pro forma Polymers segment EBITDA for the year ended December 31, 2003 was $80.8 million.

Base Chemicals

For the year ended December 31, 2003, Base Chemicals revenues increased by $1,156.5 million, or 116%, to $2,152.7 million from $996.2 million in 2002. Approximately 79% of the increase was the result of our consolidation of HIH for the remainder of 2003 following the HIH Consolidation Transaction effective May 1, 2003. Excluding the impact of the HIH Consolidation Transaction, higher revenues resulted mainly from increases in average selling prices of 29%, partially offset by a decrease in overall sales volumes of 3%. Average selling prices increased in response to higher raw material and energy costs. Pro forma Base Chemicals revenues for the year ended December 31, 2003 were $2,639.9 million.

For the year ended December 31, 2003, Base Chemicals segment EBITDA decreased by $4.0 million to $40.7 million from $44.7 million in 2002. Segment EBITDA increased as a result of our consolidation of HIH for the remainder of 2003 following the HIH Consolidation Transaction effective May 1, 2003. Excluding the impact of the HIH Consolidation Transaction, EBITDA decreased by $50.7 million, primarily due to lower contribution margins as average selling prices decreased more than raw material and energy costs, and $19.9 million in costs related to a planned maintenance shutdown. Pro forma Base Chemicals segment EBITDA for the year ended December 31, 2003 was $71.7 million.

Corporate and Other

Corporate and other includes corporate overhead, loss on the accounts receivable securitization program, minority interest in earnings of consolidated subsidiaries and unallocated foreign exchange gains and losses. For the year ended December 31, 2003, EBITDA from corporate and other items increased by $79.7 million to a loss of $52.9 million from a loss of $132.6 million in 2002. This increase was primarily due to increased unallocated foreign exchange gains resulting from the HIH Consolidation Transaction on May 1, 2003 and the AdMat Transaction on June 30, 2003. Pro forma EBITDA from corporate and other items for the year ended December 31, 2003 was a loss of $4.3 million.

Year ended December 31, 2003 Pro Forma

The pro forma financial information for the year ended December 31, 2003 has been prepared as if the HIH Consolidation Transaction, the AdMat Transaction and the Refinancing Transactions occurred on January 1, 2003. HIH became a consolidated subsidiary effective as of May 1, 2003, and Advanced Materials became a consolidated subsidiary effective as of June 30, 2003. The Refinancing Transactions occurred between April 2003 and December 2004. Pro forma revenues, operating income, net loss and EBITDA for 2003 were $9,252.4 million, $210.0 million, $427.0 million and $663.5 million, respectively.

Year ended December 31, 2002 (Historical) compared to year ended December 31, 2001 (Historical)

For the year ended December 31, 2002, we had a net loss of $22.2 million on revenues of $2,661.0 million, compared to a net loss of $842.7 million on revenues of $2,757.4 million for 2001. The decrease of $820.5 million in net loss was the result of the following items:

Revenues for the year ended December 31, 2002 decreased $96.4 million, or 3%, to $2,661.0 million from $2,757.4 million for 2001. The decrease was attributable to reduced revenues in the Performance Products and Base Chemicals segments partially offset by higher revenues for Polymers. The increase in Polymers revenues was primarily due to the inclusion of the fourth quarter results of our Australian styrenics operations. Prior to the fourth quarter of 2002, these results were reported under the equity method of accounting. Lower average selling

prices were experienced by all business segments. Lower sales volumes for Polymers were partially offset by higher sales volumes for Performance Products and Base Chemicals. Lower sales volumes in the Polymers segment were primarily due to the permanent closure of our styrene plant in Odessa, Texas in 2001, which resulted in a $40.8 million decrease in revenues for the year ended December 31, 2002 as compared with the same period in 2001.

Gross profit for the year ended December 31, 2002 increased $149.2 million to $240.0 million from $90.8 million for 2001. The increase was attributable to improved gross profit for the Performance Products and Polymers segments, partially offset by reduced gross profit for the Base Chemicals segment. Performance Products and Polymers margins improved as declining raw material prices outpaced the decline in average selling prices, and fixed costs decreased due to our cost reduction program. In the Base Chemicals segment average selling prices declined more rapidly than raw material prices, but the decline was partially offset by lower fixed costs due to our cost reduction program. In addition, depreciation expense in the 2002 period was lower due to a reduction in depreciable basis as a result of our cost rationalization program and the impairment charges taken in 2001.

Operating expenses decreased $37.0 million to $174.7 million compared to $211.7 million for 2001. This decrease was primarily due to lower information and technology costs, lower legal expenses and savings due to our cost reduction program. This decrease was also due to $8.6 million in additional write-offs of accounts receivable balances in 2001 as compared with 2002.

During 2001, we incurred restructuring, plant closing and asset impairment charges of $588.5 million as we closed certain manufacturing facilities and eliminated certain operating, sales and administrative positions. These charges were revised downward during 2002 by $5.3 million, and additional charges of $4.3 million were recorded in 2002 in relation to curtailed production at our Port Neches, Texas and Guelph, Canada operations.

Other expense for the year ended December 31, 2002 increased by $8.2 million to $7.6 million from income of $0.6 million for 2001. The increase in expense was primarily due to increased loss on extinguishment of long-term debt, loss on sale of non-qualified plan assets and loss on the exchangeable preferred stock, partially offset by income recorded in 2001 that related to insurance settlements and dividends on exchangeable preferred stock of NOVA Chemicals Corporation.

Equity in losses of unconsolidated affiliates for the year ended December 31, 2002 decreased by $55.4 million to $31.4 million from $86.8 million in 2001. This decrease was primarily due to our 60% ownership of HIH, and HIH's improved results in 2002 as compared to 2001.

Net interest expense for the year ended December 31, 2002 decreased by $57.4 million to $181.9 million from $239.3 million for 2001. The decrease was primarily due to the restructuring of debt in September 2002, partially offset by an unfavorable impact from adjusting interest rate instruments to fair value.

Loss on accounts receivable securitization program of $5.9 million was recognized in 2001 resulting from HLLC's domestic accounts receivable securitization program that was discontinued in December of 2001.

Income tax benefit for the year ended December 31, 2002 decreased by $193.4 million to a charge of $8.5 million as compared to a $184.9 million tax benefit for 2001. No tax benefit has been recorded in 2002 because we have determined not to increase our tax benefit beyond the amount valued at December 31, 2001. The $8.5 million charge that was recorded in the year ended December 31, 2002 was primarily interest expense related to the settlement of federal income taxes for certain prior years.

Cumulative effect of accounting changes resulted in an increase to net income of $169.7 million for the year ended December 31, 2002. This increase was due to the effects of the initial adoption of SFAS No. 141 "*Business Combinations*." The adoption of SFAS No. 141 resulted in the increase in the carrying value of our investment in HIH to reflect our proportionate share of the underlying assets. Effective June 30, 1999, Huntsman Specialty, our consolidated subsidiary, transferred its PO business to HIH. The transfer of our PO business was recorded at the net book value of the assets and liabilities transferred. The carrying value of our investment in HIH was less than our proportionate share of the underlying net assets of HIH at December 31, 2001 by approximately $176.1 million. Prior to the adoption of SFAS No. 141, this difference was being accreted to income over a 20-year period.

The following table sets forth certain financial information for each of our operating segments:

	Historical	
	Year Ended December 31,	
	2001	2002
	(in millions)	
Net Sales:		
Performance Products	$ 1,077.6	$ 1,028.2
Polymers	820.6	840.2
Base Chemicals	1,051.3	996.2
Eliminations	(192.1)	(203.6)
	$ 2,757.4	$ 2,661.0
Segment EBITDA:		
Performance Products	$ 127.7	$ 164.4
Polymers	(550.6)	