Huntsman CORP
Form S-3ASR
June 26, 2007

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**As filed with the Securities and Exchange Commission on June 26, 2007**

**Registration No. 333-**

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM S-3
## REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

# HUNTSMAN CORPORATION

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware** | **42-1648585** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification Number) |

**500 Huntsman Way**
**Salt Lake City, Utah 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, Utah 84108**
**(801) 584-5700**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

**Nathan W. Jones**
**Stoel Rives LLP**
**201 South Main Street, Suite 1100**
**Salt Lake City, Utah 84111**
**(801) 328-3131**

**Approximate Date of Commencement of Proposed Sale to the Public:** From time to time after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box: o

If any of 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, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box: ý

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please 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 registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box: ý

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box: o

**CALCULATION OF REGISTRATION FEE**

| Title of Each Class of Securities to be Registered | Amount to Be Registered | Proposed Maximum Offering Price Per Share(1) | Proposed Maximum Aggregate Offering Price(1) | Amount of Registration Fee |
|---|---|---|---|---|
| Common Stock, $0.01 par value | 23,762,000 | $19.24 | $457,180,880 | $14,035.45 |

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rules 457(r) and 457(c) under the Securities Act of 1933, as amended, based upon the average of the high and low prices for the common stock of the registrant, on June 22, 2007, as reported on the New York Stock Exchange.

**PROSPECTUS**

# HUNTSMAN CORPORATION

## 23,762,000 Shares of Common Stock

This prospectus relates to the resale from time to time of a total of up to 23,762,000 shares of our common stock by the selling stockholders described in the section entitled "Selling Stockholders" beginning on page 19 of this prospectus. The selling stockholders are charitable organizations that received the shares by contribution from Jon M. Huntsman on June 25, 2007. We will not receive any proceeds from any such sale by any selling stockholder.

The selling stockholders may offer and sell any of the shares of common stock from time to time at fixed prices, at market prices or at negotiated prices, and may engage a broker, dealer or underwriter to sell the shares. For additional information on the possible methods of sale that may be used by the selling stockholders, you should refer to the section entitled "Plan of Distribution" on page 20 of this prospectus.

We will not receive any proceeds from the sale of the shares of common stock by the selling stockholders. All costs, expenses and fees in connection with the registration of our common stock will be paid by us, except that the selling stockholders will pay their own underwriting discounts and selling commissions and other minor expenses. See "Plan of Distribution" on page 20.

Our common stock is quoted on the New York Stock Exchange under the symbol "HUN." On June 22, 2007, the closing price of our common stock on the New York Stock Exchange was $19.16 per share. The selling stockholders may offer and sell their shares of our common stock through public or private transactions, at fixed prices, at prevailing market prices, or at privately negotiated prices.

Investing in our common stock involves a high degree of risk. See "Risk Factors" on page 6 for a discussion of certain matters that you should consider before buying shares of our common stock.

**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.**

The date of this prospectus is June 26, 2007

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## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or the SEC or the Commission. Pursuant to this prospectus, the selling stockholders named on page 19 may sell up to a total of 23,762,000 shares of our common stock. This prospectus and the documents incorporated by reference herein include important information about us, the common stock being offered and other information you should know before investing. You should read this prospectus together with the additional information about us described in the sections below entitled "Available Information" and "Incorporation of Certain Information by Reference." You should rely only on information contained in, or incorporated by reference into, this prospectus. We have not authorized anyone to provide you with information different from that contained in, or incorporated by reference into, this prospectus. The information contained in this prospectus is accurate only as of the date on the front cover of the prospectus and information we have incorporated by reference in this prospectus is accurate only as of the date of the document incorporated by reference. You should not assume that the information contained in, or incorporated by reference into, this prospectus is accurate as of any other date.

## AVAILABLE INFORMATION

We are a public company and are required to file annual, quarterly and current reports, proxy statements and other information with the SEC pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"). You may read and copy any document we file at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents by writing to the SEC and paying a fee for the copying cost. Please call the SEC at 1-800-SEC-0330 for more information about the operation of the public reference room. Our SEC filings are also available to the public on the SEC's web site at "http:/ /www.sec.gov." In addition, our stock is listed for trading on the New York Stock Exchange. You can read and copy reports and other information concerning us at the offices of the New York Stock Exchange located at 20 Broad Street, New York, New York 10005.

We filed a registration statement on Form S-3 under the Securities Act of 1933, as amended (the "Securities Act"), with the SEC with respect to the common stock being offered pursuant to this prospectus. This prospectus is only part of the registration statement and omits certain information contained in the registration statement, as permitted by the SEC. You should refer to the registration statement, including the exhibits, for further information about us and the common stock being offered pursuant to this prospectus. Statements in this prospectus regarding the provisions of certain documents filed with, or incorporated by reference in, the registration statement are not necessarily complete and each statement is qualified in all respects by that reference. You may:

- inspect a copy of the registration statement, including the exhibits and schedules, without charge at the public reference room;
- obtain a copy from the SEC upon payment of the fees prescribed by the SEC; or
- obtain a copy from the SEC web site.

The company's internet address is www.huntsman.com. The company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports are also available to you free of charge through the "Investors" section of our website as soon as reasonably practicable after those materials have been electronically filed with, or furnished to, the SEC. Other than the documents filed with the SEC and incorporated by reference into this prospectus, the information contained on our website does not constitute a part of this prospectus.

## INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to "incorporate by reference" information that we file with them. Incorporation by reference allows us to disclose important information to you by referring you to those other documents. The information incorporated by reference is an important part of this prospectus, and any information incorporated by reference is considered part of this prospectus. Any reports filed by us with the SEC after the date of this prospectus and before the date that the offering of common stock by means of this prospectus is terminated will automatically update and, where applicable, supersede any information contained in this prospectus or incorporated by reference in this prospectus. We incorporate by reference into this prospectus the following documents or information filed with the SEC (other than, in each case, documents or information therein deemed to have been furnished and not filed in accordance with SEC rules):

- Our Annual Report on Form 10-K for the year ended December 31, 2006 (filing date March 1, 2007: File No. 001-32427);
- Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 (filing date May 7, 2007: File No. 001-32427);
- The portions of our definitive proxy statement on Schedule 14A that are deemed "filed" with the SEC under the Exchange Act (filing date March 30, 2007: File No. 001-32427);
- Our Current Reports on Form 8-K filed on July 7, 2006 (as amended on Form 8-K/A filed on September 15, 2006 and as updated by the combined financial statements of the Textile Effects Business of Ciba Specialty Chemicals Holding Inc. attached hereto as Exhibit 99.1), January 5, 2007, February 15, 2007, February 20, 2007, February 21, 2007, February 28, 2007, April 24, 2007, May 1, 2007, June 25, 2007 and June 26, 2007; and
- The description of our common stock and our mandatory convertible preferred stock contained in our registration statement on Form 8-A, including any amendment or report filed for the purpose of updating such description (filing date February 9, 2005: File No. 001-32427).

In addition, all documents filed by us pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act on or after the date of this prospectus and before the termination of offerings under this prospectus are deemed to be incorporated by reference into, and to be a part of, this prospectus.

You may request, orally or in writing, a copy of these documents, which will be provided to you at no cost, by contacting us at:

Huntsman Corporation
500 Huntsman Way
Salt Lake City, Utah 84108
Attn: Investor Relations
(801) 584-5700

## SUMMARY

*This summary highlights only some of the information included or incorporated by reference in this prospectus. You should carefully read this prospectus together with the additional information about us described in the sections entitled "Available Information" and "Incorporation of Certain Information by Reference" before purchasing our common stock.*

*Unless the context otherwise requires, references in this prospectus to our "Company," "we," "us" or "our" refer to Huntsman Corporation, together with its subsidiaries. Any references to our "Company," "we," "us" or "our" as of a date prior to October 19, 2004 (the date of our formation) are to Huntsman Holdings, LLC and its subsidiaries (including their respective predecessors).*

### Huntsman Corporation

We are among the world's largest global manufacturers of differentiated chemical products; we also manufacture inorganic and commodity chemical products. Our products comprise a broad range of chemicals 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, synthetic fiber, textile chemicals and dye industries. We are a leading global producer in many of our key product lines, including MDI, amines, surfactants, epoxy-based polymer formulations, textile chemicals, dyes, maleic anhydride and titanium dioxide. Our administrative, research and development and manufacturing operations are primarily conducted at the 75 facilities that we own or lease. Our facilities are located in 24 countries and we employ approximately 15,000 associates worldwide. Our businesses benefit from large production scale in certain products and proprietary manufacturing technologies, which allow us to maintain a low-cost position. We had revenues for the years ended December 31, 2006 and 2005 of $10,623.6 million and $10,676.9 million, respectively.

Our business is organized around our six segments: Polyurethanes, Materials and Effects, Performance Products, Pigments, Polymers and Base Chemicals. Upon the anticipated closing of the pending disposition of our U.S. base chemicals and polymers business, we expect to operate our business in four segments: Polyurethanes, Materials and Effects, Performance Products and Pigments.

Our current segments can be divided into three broad categories: differentiated, inorganic and commodity. Our Polyurethanes, Materials and Effects and Performance Products segments produce differentiated products, our Pigments segment produces inorganic products and our Polymers and Base Chemicals segments produce commodity chemicals. Growth in our differentiated products has been driven by the substitution of our products for other materials and by the level of global economic activity. Accordingly, the profitability of our differentiated products has been somewhat less influenced by the cyclicality that typically impacts the petrochemical industry. 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. The profitability of our commodity products has historically been cyclical in nature. Our six operating segments are all impacted, to a greater or lesser degree, by economic conditions, prices of raw materials and global supply and demand pressures.

*

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 $149.8 million of corporate and other unallocated items and exclude $19.8 million of restructuring, impairment and plant closing costs and $24.7 million of EBITDA from discontinued operations and gains/losses from disposition of assets. For a detailed discussion of our revenues, total assets and EBITDA by segment, see "Note 26. Operating Segment Information" to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2006, incorporated by reference to this prospectus. For a discussion of EBITDA and a reconciliation of EBITDA to net income and cash provided by operating activities, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2006, incorporated by reference to this prospectus.

**The Offering**

| | |
|---|---|
| Securities offered by the selling stockholders | Up to 23,762,000 shares of our common stock. |
| Use of proceeds | We will not receive any proceeds from the sale of the common stock offered by this prospectus. |
| New York Stock Exchange Symbol | HUN |

## RISK FACTORS

Investing in our common stock involves a high degree of risk. In addition to the risk factors set forth below, please carefully consider the risk factors described in our periodic reports filed with the SEC, including those set forth under the caption "Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2006 (File No. 001-32427), and in our quarterly report on Form 10-Q for the quarter ended March 31, 2007, which are incorporated by reference in this prospectus. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. You should be able to bear a complete loss of your investment.

### Risks Related to the Offering

***Our stock price has been and may continue to be subject to large fluctuations.***

We have experienced significant fluctuations in our stock price and share trading volume in the past and may continue to do so. The trading price of our common stock has been and may continue to be subject to wide fluctuations in response to a variety of issues, including broad market factors that may have a material adverse impact on our stock price, regardless of actual performance. These factors include the following:

- periodic variations in the actual or anticipated financial results of our business or that of our competitors;
- downward revisions in securities analysts' estimates of our future operating results or of the future operating results of our competitors;
- material announcements by us or our competitors;
- public sales of a substantial number of shares of our common stock; and
- adverse changes in general market conditions or economic trends or in conditions or trends in the markets in which we operate.

***Shares available for future sale may cause our common stock price to decline, which may negatively impact your investment.***

Sales of substantial numbers of additional shares of our common stock, or the perception that such sales could occur, may cause prevailing market prices for shares of our common stock to decline and may adversely affect our ability to raise additional capital in the financial markets at a time and price favorable to us. The selling stockholders named under "Selling Stockholders" in this prospectus or other registration statements we have filed, who collectively own 10.7% of our shares as of the date of this Prospectus, may elect to sell their shares of our common stock.

***We have the ability to issue additional equity securities, which would lead to further dilution of our issued and outstanding common stock.***

The issuance of additional equity securities would result in dilution of then-existing stockholders' equity interests in us. Our certificate of incorporation authorizes our board of directors, without stockholder approval, to establish one or more series of preferred stock and to determine, with respect to any series of preferred stock, the number of shares in that series and the terms, rights and limitations of that series. If we issue convertible preferred stock, a subsequent conversion may dilute the current common stockholders' interest. Our board of directors has no present intention of issuing any such preferred stock, but reserves the right to do so in the future. In addition, we may issue additional shares of common stock, including shares that are authorized but not issued under our equity incentive plans.

***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.***

Jon M. Huntsman and other members of the Huntsman family and MatlinPatterson indirectly control, in the aggregate, approximately 57% of our outstanding common stock and have the ability to:

- elect a majority of the members of the board of directors of our company;
- subject to applicable law, determine, without the consent of our other stockholders, the outcome of any corporate transaction or other matter submitted to our stockholders for approval, including amendments to our certificate of incorporation or bylaws, 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.

***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.***

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 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 even more difficult for a third party to acquire us, which may reduce or eliminate your ability to sell your shares of common stock at a premium.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information set forth or incorporated by reference in this prospectus contains "forward-looking statements" within the meaning of the federal securities laws. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions or dispositions and other information that is not historical information. In some cases, forward-looking statements can be identified by terminology such as "believes," "expects," "may," "will," "should," "anticipates" or "intends" or the negative of such terms or other comparable terminology, or by discussions of strategy. We may also make additional forward-looking statements from time to time. All such subsequent forward-looking statements, whether written or oral, by us or on our behalf, are also expressly qualified by these cautionary statements.

All forward-looking statements, including without limitation, management's examination of historical operating trends, are based upon our management's expectations when such statements are made. Management's expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them, but, there can be no assurance that management's expectations, beliefs and projections will result or be achieved. All forward-looking statements apply only as of the date made.

## UNAUDITED PRO FORMA FINANCIAL DATA

On February 15, 2007, we entered into an agreement with Flint Hills Resources, a wholly owned subsidiary of Koch, to sell our U.S. base chemicals and polymers business (the "Pending U.S. Petrochemical Disposition") for approximately $456 million in cash, plus the value of inventory on the date of closing (approximately $248 million at March 31, 2007). We will retain other elements of working capital, including accounts receivable, accounts payable and certain accrued liabilities, which will be liquidated for cash in the ordinary course of business following the closing. On June 22, 2007, we amended the asset purchase agreement with Flint Hills Resources to provide for, among other things, the close, subject to customary regulatory approvals and other closing conditions, on the sale of the U.S. polymers business on or about August 1, 2007, for $150 million, plus the value of associated inventory. The amended asset purchase agreement also provides for the separate closing of the U.S. base chemicals business for the remaining $306 million of sales price, plus the value of associated inventory, following the re-start of our Port Arthur, Texas olefins manufacturing facility. For more information, see "Note 22. Casualty Losses and Insurance Recoveries  Port Arthur, Texas Plant Fire" to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2006, which is incorporated herein by reference.

The Pending U.S. Petrochemicals Disposition includes our olefins and polymers manufacturing assets located at five U.S. sites: Port Arthur, Odessa and Longview, Texas; Peru, Illinois; and Marysville, Michigan. The business employs about 900 associates. The captive ethylene unit at our retained Port Neches, Texas, site of our Performance Products segment operations is not included in the sale. This asset, along with a long-term post-closing arrangement for the supply of ethylene and propylene from Flint Hills to us, will continue to provide feedstock for our downstream derivative units.

We expect to incur a pretax loss in connection with the Pending U.S. Petrochemicals Disposition of approximately $270 million, related primarily to the polymers assets. As of March 31, 2007, these assets were classified as held and used in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, because these assets were not immediately available for sale in their present condition due to the required repair and restart of the Port Arthur, Texas olefins manufacturing facility. We tested these assets for recoverability using expected future cash flows, including the expected proceeds from the Port Arthur fire insurance recovery, and concluded that the expected future cash flows were in excess of the carrying value of the business expected to be sold. Therefore, we did not recognize an impairment charge as of March 31, 2007. We will continue to assess these assets for recoverability during 2007 through the sale date. As the date of sale completion nears and insurance proceeds are received, future cash flows associated with these assets will diminish. At some point in 2007, we expect that future cash flows will no longer be sufficient to recover the carrying value of the business to be sold, which will continue to increase as we rebuild the plant, and we will recognize an impairment charge.

On June 27, 2006, we sold the assets comprising our U.S. butadiene and MTBE business operated by our Base Chemicals segment. The results of operations of this business were not classified as discontinued operations under applicable accounting rules because of the expected continuing cash flows from the MTBE business we continue to operate in our Polyurethanes segment.

On June 30, 2006, we acquired the textile effects business. The operating results of the textile effects business have been consolidated with our operating results beginning July 1, 2006.

The following unaudited pro forma consolidated statement of operations for the year ended December 31, 2006 gives effect to the Pending U.S. Petrochemical Disposition, the sale of our U.S. butadiene and MTBE business and the Textile Effects Acquisition as if these transactions occurred on January 1, 2006. The following unaudited pro forma consolidated statements of operations for the three months ended March 31, 2007 and for the years ended December 31, 2005 and 2004 give effect to the Pending U.S. Petrochemical Disposition as if the sale occurred at the beginning of the period presented. The following unaudited pro forma consolidated balance sheet as of March 31, 2007 gives effect to the Pending U.S. Petrochemicals Disposition as if the sale transaction occurred on March 31, 2007.

The pro forma information is not necessarily indicative of the financial position or results of operations of future periods or indicative of results that would have actually occurred had the transaction been completed as of the date thereof or as of the beginning of the periods presented therein. The pro forma adjustments, as described in the accompanying notes to the pro forma consolidated balance sheet and statements of operations, are based upon available information and certain assumptions we believe are reasonable. The pro forma financial information should be read in conjunction with our consolidated financial statements as incorporated herein by reference.

**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)**

**THREE MONTHS ENDED MARCH 31, 2007**

**(Dollars in Millions, Except Per Share Amounts)**

| | Huntsman Corporation | Pro Forma Adjustments(1) | Pro Forma |
|---|---|---|---|
| **Revenues** | $ 2,647.3 | $ (493.8) | $ 2,153.5 |
| **Cost of goods sold** | 2,240.0 | (484.0) | 1,756.0 |
| **Gross profit** | 407.3 | (9.8) | 397.5 |
| **Operating expenses:** | | | |
| Selling, general and administrative | 219.0 | (16.4) | 202.6 |
| Research and development | 33.3 | | 33.3 |
| Other operating expense | 5.9 | (4.3) | 1.6 |
| Restructuring, impairment and plant closing costs | 12.2 | (1.1) | 11.1 |
| Total expenses | 270.4 | (21.8) | 248.6 |
| **Operating income** | 136.9 | 12.0 | 148.9 |
| Interest expense, net | (73.8) | | (73.8) |
| Loss on accounts receivable securitization program | (5.4) | | (5.4) |
| Equity in income of unconsolidated affiliates | 2.2 | | 2.2 |
| Loss on early extinguishment of debt | (1.4) | | (1.4) |
| Other income | 0.5 | | 0.5 |
| **Income from continuing operations before income taxes and minority interest** | 59.0 | 12.0 | 71.0 |
| Income tax expense | (13.0) | (4.3)(2) | (17.3) |
| Minority interest in subsidiaries' income | (0.4) | | (0.4) |
| **Income from continuing operations** | $ 45.6 | $ 7.7 | $ 53.3 |
| **Basic income per share:** | | | |
| **Income from continuing operations** | $ 0.21 | $ 0.03 | $ 0.24 |
| **Diluted income per share:** | | | |
| **Income from continuing operations** | $ 0.20 | $ 0.03 | $ 0.23 |

(1) Reflects the disposition of the U.S base chemicals and polymers business operations as a result of the anticipated sale transaction.

(2) Reflects the tax effect of the pro forma adjustments.

NOTE: The above pro forma statement of operations does not reflect the expected loss on the transaction or the reduction to interest expense resulting from the use of the sales proceeds.

**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)**

**YEAR ENDED DECEMBER 31, 2006**

**(Dollars in Millions, Except Per Share Amounts)**

| | | Pro Forma Adjustments | | | |
|---|---|---|---|---|---|
| | Huntsman Corporation | Disposition of U.S. Base Chemicals and Polymers Business(1) | Disposition of U.S. Butadiene and MTBE Business(2) | Acquisition of Textile Effects Business(3) | Pro Forma |
| **Revenues** | $ 10,623.6 | $ (1,880.9) | $ (473.5) | $ 546.5 | $ 8,815.7 |
| **Cost of goods sold** | 9,084.1 | (1,757.4) | (462.2) | 374.5 | 7,239.0 |
| **Gross profit** | 1,539.5 | (123.5) | (11.3) | 172.0 | 1,576.7 |
| **Operating expenses:** | | | | | |
| Selling, general and administrative | 795.3 | (27.2) | (2.1) | 121.5 | 887.5 |
| Research and development | 115.4 | | | 13.2 | 128.6 |
| Other operating income | (127.7) | 9.2 | (0.2) | | (118.7) |
| Restructuring, impairment and plant closing costs | 20.0 | (8.8) | | 22.3 | 33.5 |
| Total expenses | 803.0 | (26.8) | (2.3) | 157.0 | 930.9 |
| **Operating income** | 736.5 | (96.7) | (9.0) | 15.0 | 645.8 |
| Interest expense, net | (350.7) | | | (1.7) | (352.4) |
| Loss on accounts receivable securitization program | (16.1) | 3.6 | | | (12.5) |
| Equity in income of unconsolidated affiliates | 3.6 | | | | 3.6 |
| Loss on early extinguishment of debt | (27.1) | | | | (27.1) |
| Other income | 1.3 | 7.4 | | | 8.7 |
| **Income from continuing operations before income taxes and minority interest** | 347.5 | (85.7) | (9.0) | 13.3 | 266.1 |
| Income tax benefit | 49.0 | (4) | (4) | (5.0) | 44.0 |
| Minority interest in subsidiaries' income | (2.9) | | | 1.7 | (1.2) |
| **Income from continuing operations** | $ 393.6 | $ (85.7) | $ (9.0) | $ 10.0 | $ 308.9 |
| **Basic income per share:** | | | | | |
| **Income from continuing operations** | $ 1.78 | $ (0.39) | $ (0.04) | $ 0.05 | $ 1.40 |
| **Diluted income per share:** | | | | | |
| **Income from continuing operations** | $ 1.69 | $ (0.36) | $ (0.04) | $ 0.04 | $ 1.33 |

**Pro Forma Adjustments**

(1) Reflects the disposition of the U.S base chemicals and polymers business operations as a result of the anticipated sale transaction.

(2) Reflects the disposition of the U.S. butadiene and MTBE business' operations as a result of the sale transaction.

(3)
Reflects the operations of the textile effects business for periods prior to its acquisition.

(4)
No adjustments were made to income tax expense as we have a full valuation allowance on our net U.S. deferred tax assets.

NOTE: The above pro forma statement of operations does not reflect the expected loss on the transaction or the reduction to interest expense resulting from the use of the sales proceeds.

**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)**

**YEAR ENDED DECEMBER 31, 2005**

**(Dollars in Millions, Except Per Share Amounts)**

| | Huntsman Corporation | Pro Forma Adjustments(1) | Pro Forma |
|---|---|---|---|
| **Revenues** | $ 10,676.9 | $ (2,207.1) | $ 8,469.8 |
| **Cost of goods sold** | 9,061.5 | (1,978.5) | 7,083.0 |
| **Gross profit** | 1,615.4 | (228.6) | 1,386.8 |
| **Operating expenses:** | | | |
| Selling, general and administrative | 660.6 | (32.5) | 628.1 |
| Research and development | 95.5 | | 95.5 |
| Other operating expense | 30.2 | 0.4 | 30.6 |
| Restructuring, impairment and plant closing costs | 114.1 | (6.0) | 108.1 |
| Total expenses | 900.4 | (38.1) | 862.3 |
| **Operating income** | 715.0 | (190.5) | 524.5 |
| Interest expense, net | (426.6) | | (426.6) |
| Loss on accounts receivable securitization program | (9.0) | | (9.0) |
| Equity in income of unconsolidated affiliates | 8.2 | | 8.2 |
| Loss on early extinguishment of debt | (322.5) | | (322.5) |
| Other expense | (0.1) | | (0.1) |
| **Loss from continuing operations before income taxes and minority interest** | (35.0) | (190.5) | (225.5) |
| Income tax benefit | 6.1 | (2) | 6.1 |
| Minority interest in subsidiaries' income | (1.7) | | (1.7) |
| **Loss from continuing operations** | $ (30.6) | $ (190.5) | $ (221.1) |
| **Basic and diluted loss per share:** | | | |
| **Loss from continuing operations** | $ (0.33) | $ (0.87) | $ (1.20) |

(1) Reflects the disposition of the U.S base chemicals and polymers business operations as a result of the anticipated sale transaction.

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

NOTE: The above pro forma statement of operations does not reflect the expected loss on the transaction or the reduction to interest expense resulting from the use of the sales proceeds.

**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)**

**YEAR ENDED DECEMBER 31, 2004**

**(Dollar in Millions, Except Per Share Amounts)**

| | Huntsman Corporation | Pro Forma Adjustments(1) | Pro Forma |
|---|---|---|---|
| **Revenues** | $ 9,562.5 | $ (1,945.9) | $ 7,616.6 |
| **Cost of goods sold** | 8,358.7 | (1,811.4) | 6,547.3 |
| **Gross profit** | 1,203.8 | (134.5) | 1,069.3 |
| **Operating expenses:** | | | |
| Selling, general and administrative | 638.8 | (51.5) | 587.3 |
| Research and development | 96.2 | | 96.2 |
| Other operating income | (77.0) | 1.2 | (75.8) |
| Restructuring, impairment and plant closing costs | 282.9 | (8.9) | 274.0 |
| Total expenses | 940.9 | (59.2) | 881.7 |
| **Operating income** | 262.9 | (75.3) | 187.6 |
| Interest expense, net | (612.6) | | (612.6) |
| Loss on accounts receivable securitization program | (13.3) | | (13.3) |
| Equity in income of unconsolidated affiliates | 4.0 | | 4.0 |
| Loss on early extinguishment of debt | (25.6) | | (25.6) |
| Other expense | (0.2) | | (0.2) |

**Loss from continuing operations before income taxes a**