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

**Form 10-Q**

(Mark  
One)

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

For the quarterly period ended September 30, 2010

OR

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

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

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

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

Huntsman Corporation YES  NO   
Huntsman International LLC YES  NO

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

Huntsman Corporation YES  NO   
Huntsman International LLC YES  NO

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

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

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

Huntsman Corporation  
Huntsman International LLC

YES  NO   
YES  NO

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On October 28, 2010, 239,215,142 shares of common stock of Huntsman Corporation were outstanding and 2,728 units of membership interests of Huntsman International LLC were outstanding. There is no established trading market for Huntsman International LLC's units of membership interests. All of Huntsman International LLC's units of membership interests are held by Huntsman Corporation.

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

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

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**HUNTSMAN CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**  
(In Millions, Except Share and Per Share Amounts)

	September 30, 2010	December 31, 2009
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents(a)	\$ 1,003	\$ 1,745
Restricted cash(a)	8	5
Accounts and notes receivable (net of allowance for doubtful accounts of \$56 each), (\$647 and nil pledged as collateral, respectively)(a)	1,611	1,018
Accounts receivable from affiliates	9	1
Inventories(a)	1,375	1,184
Prepaid expenses(a)	57	42
Deferred income taxes	36	36
Other current assets(a)	146	109
<b>Total current assets</b>	<b>4,245</b>	<b>4,140</b>
Property, plant and equipment, net(a)	3,594	3,516
Investment in unconsolidated affiliates	234	250
Intangible assets, net(a)	112	125
Goodwill	94	94
Deferred income taxes(a)	108	138
Notes receivable from affiliates	7	8
Other noncurrent assets(a)	472	355
<b>Total assets</b>	<b>\$ 8,866</b>	<b>\$ 8,626</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable(a)	\$ 817	\$ 730
Accounts payable to affiliates	28	25
Accrued liabilities(a)	626	623
Deferred income taxes	2	2
Current portion of debt(a)	384	431
<b>Total current liabilities</b>	<b>1,857</b>	<b>1,811</b>
Long-term debt(a)	3,953	3,781
Notes payable to affiliates	4	5
Deferred income taxes	336	289
Other noncurrent liabilities(a)	828	875
<b>Total liabilities</b>	<b>6,978</b>	<b>6,761</b>
<b>Commitments and contingencies (Notes 14 and 15)</b>		
<b>Equity</b>		
<b>Huntsman Corporation stockholders' equity:</b>		
Common stock \$0.01 par value, 1,200,000,000 shares authorized, 239,215,142 and 237,225,258 issued and 236,448,794 and 234,081,490 outstanding in 2010 and 2009, respectively	2	2
Additional paid-in capital	3,185	3,155
Unearned stock-based compensation	(13)	(11)
Accumulated deficit	(1,096)	(1,015)
Accumulated other comprehensive loss	(249)	(287)
<b>Total Huntsman Corporation stockholders' equity</b>	<b>1,829</b>	<b>1,844</b>
Noncontrolling interests in subsidiaries	59	21
<b>Total equity</b>	<b>1,888</b>	<b>1,865</b>
<b>Total liabilities and equity</b>	<b>\$ 8,866</b>	<b>\$ 8,626</b>

(a) At September 30, 2010 and December 31, 2009, respectively, \$6 and nil of cash and cash equivalents, \$3 and nil of restricted cash, \$12 and \$9 of accounts and notes receivable (net), \$48 and \$33 of inventories, \$1 each of prepaid expenses, \$2 each of other current assets, \$267 and \$16 of property, plant and equipment (net), \$7 and nil of intangible assets (net), \$38 each of deferred income taxes, \$52 and \$32 of other noncurrent assets, \$72 and \$42 of accounts payable, \$16 and \$9 of accrued liabilities, \$18 and \$2 of current portion of debt, \$181 and nil of long-term debt, and \$100 and \$93 of other noncurrent liabilities from consolidated variable interest entities are included in their respective Balance Sheet captions above. See "Note 6. Variable Interest Entities."

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

HUNTSMAN CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND  
COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

(In Millions, Except Per Share Amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
<b>Revenues:</b>				
Trade sales, services and fees, net	\$ 2,360	\$ 2,038	\$ 6,689	\$ 5,533
Related party sales	41	37	149	68
<b>Total revenues</b>	<b>2,401</b>	<b>2,075</b>	<b>6,838</b>	<b>5,601</b>
<b>Cost of goods sold</b>	<b>1,986</b>	<b>1,733</b>	<b>5,757</b>	<b>4,877</b>
<b>Gross profit</b>	<b>415</b>	<b>342</b>	<b>1,081</b>	<b>724</b>
<b>Operating expenses:</b>				
Selling, general and administrative	202	214	628	606
Research and development	39	36	111	108
Other operating expense (income)	3	—	2	(9)
Restructuring, impairment and plant closing costs	4	7	24	83
Total expenses	248	257	765	788
<b>Operating income (loss)</b>	<b>167</b>	<b>85</b>	<b>316</b>	<b>(64)</b>
Interest expense, net	(64)	(65)	(168)	(178)
Loss on accounts receivable securitization program	—	(3)	—	(13)
Equity in income (loss) of investment in unconsolidated affiliates	3	(1)	20	1
Loss on early extinguishment of debt	(7)	(21)	(169)	(21)
(Expenses) income associated with the Terminated Merger and related litigation	(3)	(2)	(4)	835
Other income	2	1	3	1
<b>Income (loss) from continuing operations before income taxes</b>	<b>98</b>	<b>(6)</b>	<b>(2)</b>	<b>561</b>
Income tax expense	(41)	(68)	(46)	(517)
<b>Income (loss) from continuing operations</b>	<b>57</b>	<b>(74)</b>	<b>(48)</b>	<b>44</b>
(Loss) income from discontinued operations, net of tax	(1)	6	48	—
<b>Net income (loss)</b>	<b>56</b>	<b>(68)</b>	<b>—</b>	<b>44</b>
Net (income) loss attributable to noncontrolling interests	(1)	—	(3)	4
<b>Net income (loss) attributable to Huntsman Corporation</b>	<b>\$ 55</b>	<b>\$ (68)</b>	<b>\$ (3)</b>	<b>\$ 48</b>
<b>Net income (loss)</b>	<b>\$ 56</b>	<b>\$ (68)</b>	<b>\$ —</b>	<b>\$ 44</b>
Other comprehensive income	146	38	38	86
<b>Comprehensive income (loss)</b>	<b>202</b>	<b>(30)</b>	<b>38</b>	<b>130</b>
Comprehensive (income) loss attributable to noncontrolling interests	(1)	(1)	(3)	3
<b>Comprehensive income (loss) attributable to Huntsman Corporation</b>	<b>\$ 201</b>	<b>\$ (31)</b>	<b>\$ 35</b>	<b>\$ 133</b>

(continued)

HUNTSMAN CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND  
COMPREHENSIVE INCOME (LOSS) (UNAUDITED) (Continued)

(In Millions, Except Per Share Amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
<b>Basic income (loss) per share:</b>				
Income (loss) from continuing operations attributable to Huntsman Corporation common stockholders	\$ 0.24	\$ (0.32)	\$ (0.22)	\$ 0.21
(Loss) income from discontinued operations attributable to Huntsman Corporation common stockholders, net of tax	(0.01)	0.03	0.21	—
Net income (loss) attributable to Huntsman Corporation common stockholders	\$ 0.23	\$ (0.29)	\$ (0.01)	\$ 0.21
Weighted average shares	236.4	234.0	235.9	233.9
<b>Diluted income (loss) per share:</b>				
Income (loss) from continuing operations attributable to Huntsman Corporation common stockholders	\$ 0.23	\$ (0.32)	\$ (0.22)	\$ 0.20
(Loss) income from discontinued operations attributable to Huntsman Corporation common stockholders, net of tax	—	0.03	0.21	—
Net income (loss) attributable to Huntsman Corporation common stockholders	\$ 0.23	\$ (0.29)	\$ (0.01)	\$ 0.20
Weighted average shares	241.0	234.0	235.9	238.1
<b>Amounts attributable to Huntsman Corporation common stockholders:</b>				
Income (loss) from continuing operations	\$ 56	\$ (74)	\$ (51)	\$ 48
(Loss) income from discontinued operations, net of tax	(1)	6	48	—
Net income (loss)	\$ 55	\$ (68)	\$ (3)	\$ 48
<b>Dividends per share</b>	<b>\$ 0.10</b>	<b>\$ 0.10</b>	<b>\$ 0.30</b>	<b>\$ 0.30</b>

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

## HUNTSMAN CORPORATION AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Dollars in Millions)

	Nine months ended	
	September 30,	
	2010	2009
<b>Operating Activities:</b>		
Net income	\$ —	\$ 44
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Equity in income of investment in unconsolidated affiliates	(20)	(1)
Depreciation and amortization	295	338
Provision for losses on accounts receivable	5	7
Loss (gain) on disposal of businesses/assets, net	8	(2)
Loss on early extinguishment of debt	169	21
Noncash interest expense	12	14
Noncash restructuring, impairment and plant closing costs	—	5
Deferred income taxes	72	311
Net unrealized loss (gain) on foreign currency transactions	8	(8)
Stock-based compensation	19	14
Portion of insurance settlement representing investing activities	(34)	—
Other, net	4	2
Changes in operating assets and liabilities:		
Accounts and notes receivable	(318)	(225)
Accounts receivable from A/R Programs	(254)	—
Inventories	(184)	424
Prepaid expenses	(15)	(13)
Other current assets	(36)	(4)
Other noncurrent assets	(69)	(23)
Accounts payable	61	25
Accrued liabilities	(15)	(13)
Other noncurrent liabilities	(58)	(9)
<b>Net cash (used in) provided by operating activities</b>	<b>(350)</b>	<b>907</b>
<b>Investing Activities:</b>		
Capital expenditures	(132)	(140)
Proceeds from insurance settlement as reimbursement of capital expenditures	34	—
Proceeds from sale of businesses/assets, net of adjustments	—	5
Acquisition of business	—	(31)
Cash assumed in connection with the initial consolidation of a variable interest entity	11	—
Investment in unconsolidated affiliates	(4)	—
Change in restricted cash	1	—
Other, net	5	2
<b>Net cash used in investing activities</b>	<b>(85)</b>	<b>(164)</b>

(continued)

**HUNTSMAN CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (Continued)****(Dollars in Millions)**

	Nine months ended September 30,	
	2010	2009
<b>Financing Activities:</b>		
Net repayments under revolving loan facilities	\$ (7)	\$ (10)
Revolving loan facility from A/R Programs	254	—
Net borrowings (repayments) on overdraft facilities	6	(14)
Repayments of short-term debt	(153)	(120)
Borrowings on short-term debt	188	95
Repayments of long-term debt	(1,073)	(528)
Proceeds from issuance of long-term debt	725	874
Repayments of notes payable	(36)	(55)
Borrowings on notes payable	38	63
Debt issuance costs paid	(25)	(5)
Call premiums related to early extinguishment of debt	(159)	(14)
Dividends paid to common stockholders	(72)	(71)
Repurchase and cancellation of stock awards	(6)	—
Proceeds from issuance of common stock	2	—
Excess tax benefit related to stock-based compensation	4	—
Other, net	—	(1)
<b>Net cash (used in) provided by financing activities</b>	<b>(314)</b>	<b>214</b>
Effect of exchange rate changes on cash	7	5
(Decrease) increase in cash and cash equivalents	(742)	962
Cash and cash equivalents at beginning of period	1,745	657
Cash and cash equivalents at end of period	<b>\$ 1,003</b>	<b>\$ 1,619</b>
<b>Supplemental cash flow information:</b>		
Cash paid for interest	\$ 142	\$ 160
Cash paid for income taxes	19	145

During the nine months ended September 30, 2010 and 2009, the amount of capital expenditures in accounts payable decreased by \$6 million and \$29 million, respectively. The value of share awards that vested during the nine months ended September 30, 2010 and 2009 was \$18 million and \$11 million, respectively. In connection with our June 23, 2009 acquisition of the Baroda Division of Metrochem Industries Limited, \$5 million of payables from us to Metrochem Industries Limited were forgiven. Beginning July 1, 2010, we began consolidating Arabian Amines Company, our ethyleneamines manufacturing joint venture in Jubail, Saudi Arabia. For more information, see "Note 6. Variable Interest Entities."

During the nine months ended September 30, 2010 and 2009, capital expenditures of \$132 million and \$140 million, respectively, were reimbursed in part by \$34 million and nil, respectively, from insurance settlement proceeds. During the nine months ended September 30, 2010 we received \$110 million from the settlement of our insurance claims related to the 2006 fire at our Port Arthur Texas plant, \$34 million of which was considered as a reimbursement of capital expenditures.

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





September 30, 2009	233,968,776	\$	2	\$	3,152	\$	(12)	\$	(1,054)	\$	(404)	\$	19	\$	1,703
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See accompanying notes to condensed consolidated financial statements (unaudited).

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**  
**(Dollars in Millions)**

	September 30, 2010	December 31, 2009
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents(a)	\$ 603	\$ 919
Restricted cash(a)	8	5
Accounts and notes receivable (net of allowance for doubtful accounts of \$56 each), (\$647 and nil pledged as collateral, respectively)(a)	1,611	1,018
Accounts receivable from affiliates	74	32
Inventories(a)	1,375	1,184
Prepaid expenses(a)	57	42
Deferred income taxes	34	33
Other current assets(a)	136	109
<b>Total current assets</b>	<b>3,898</b>	<b>3,342</b>
Property, plant and equipment, net(a)	3,452	3,357
Investment in unconsolidated affiliates	234	250
Intangible assets, net(a)	114	129
Goodwill	94	94
Deferred income taxes(a)	128	158
Notes receivable from affiliates	7	8
Other noncurrent assets(a)	472	355
<b>Total assets</b>	<b>\$ 8,399</b>	<b>\$ 7,693</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable(a)	\$ 816	\$ 715
Accounts payable to affiliates	36	41
Accrued liabilities(a)	633	613
Deferred income taxes	2	2
Note payable to affiliate	100	25
Current portion of debt(a)	384	195
<b>Total current liabilities</b>	<b>1,971</b>	<b>1,591</b>
Long-term debt(a)	3,953	3,781
Notes payable to affiliates	439	530
Deferred income taxes	120	79
Other noncurrent liabilities(a)	819	865
<b>Total liabilities</b>	<b>7,302</b>	<b>6,846</b>
<b>Commitments and contingencies (Notes 14 and 15)</b>		
<b>Equity</b>		
<b>Huntsman International LLC members' equity:</b>		
Members' equity, 2,728 units issued and outstanding	3,042	3,021
Accumulated deficit	(1,698)	(1,847)
Accumulated other comprehensive loss	(306)	(348)
<b>Total Huntsman International LLC members' equity</b>	<b>1,038</b>	<b>826</b>
Noncontrolling interests in subsidiaries	59	21
<b>Total equity</b>	<b>1,097</b>	<b>847</b>
<b>Total liabilities and equity</b>	<b>\$ 8,399</b>	<b>\$ 7,693</b>

(a) At September 30, 2010 and December 31, 2009, respectively, \$6 and nil of cash and cash equivalents, \$3 and nil of restricted cash, \$12 and \$9 of accounts and notes receivable (net), \$48 and \$33 of inventories, \$1 each of prepaid expenses, \$2 each of other current assets, \$267 and \$16 of property, plant and equipment (net), \$7 and nil of intangible assets (net), \$38 each of deferred income taxes, \$52 and \$32 of other noncurrent assets, \$72 and \$42 of accounts payable, \$16 and \$9 of accrued liabilities, \$18 and \$2 of current portion of debt, \$181 and nil of long-term debt, and \$100 and \$93 of other noncurrent liabilities from consolidated variable interest entities are included in their respective Balance Sheet captions above. See "Note 6. Variable Interest Entities."

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

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND**  
**COMPREHENSIVE INCOME (LOSS) (UNAUDITED)**

(Dollars in Millions)

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
<b>Revenues:</b>				
Trade sales, services and fees, net	\$ 2,360	\$ 2,038	\$ 6,689	\$ 5,533
Related party sales	41	37	149	68
<b>Total revenues</b>	<u>2,401</u>	<u>2,075</u>	<u>6,838</u>	<u>5,601</u>
<b>Cost of goods sold</b>	<u>1,981</u>	<u>1,728</u>	<u>5,744</u>	<u>4,864</u>
<b>Gross profit</b>	420	347	1,094	737
<b>Operating expenses:</b>				
Selling, general and administrative	202	214	625	598
Research and development	39	36	111	108
Other operating expense (income)	3	—	(8)	(9)
Restructuring, impairment and plant closing costs	4	7	24	83
Total expenses	<u>248</u>	<u>257</u>	<u>752</u>	<u>780</u>
<b>Operating income (loss)</b>	172	90	342	(43)
Interest expense, net	(69)	(64)	(182)	(177)
Loss on accounts receivable securitization program	—	(3)	—	(13)
Equity in (loss) income of investment in unconsolidated affiliates	3	(1)	20	1
Loss on early extinguishment of debt	(7)	(21)	(23)	(21)
Other income	1	1	3	1
<b>Income (loss) from continuing operations before income taxes</b>	100	2	160	(252)
Income tax expense	(40)	(49)	(56)	(203)
<b>Income (loss) from continuing operations</b>	60	(47)	104	(455)
(Loss) income from discontinued operations, net of tax	(1)	6	48	—
<b>Net income (loss)</b>	59	(41)	152	(455)
Net (income) loss attributable to noncontrolling interests	(1)	—	(3)	4
<b>Net income (loss) attributable to Huntsman International LLC</b>	<u>\$ 58</u>	<u>\$ (41)</u>	<u>\$ 149</u>	<u>\$ (451)</u>
<b>Net income (loss)</b>	<u>\$ 59</u>	<u>\$ (41)</u>	<u>\$ 152</u>	<u>\$ (455)</u>
Other comprehensive income	148	39	42	90
<b>Comprehensive income (loss)</b>	207	(2)	194	(365)
Comprehensive (income) loss attributable to noncontrolling interests	—	(1)	(2)	3
<b>Comprehensive income (loss) attributable to Huntsman International LLC</b>	<u>\$ 207</u>	<u>\$ (3)</u>	<u>\$ 192</u>	<u>\$ (362)</u>

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

## HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Dollars in Millions)

	Nine months ended September 30,	
	2010	2009
<b>Operating Activities:</b>		
Net income (loss)	\$ 152	\$ (455)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Equity in income of investment in unconsolidated affiliates	(20)	(1)
Depreciation and amortization	279	321
Provision for losses on accounts receivable	5	7
Loss (gain) on disposal of businesses/assets, net	8	(2)
Loss on early extinguishment of debt	23	21
Noncash interest expense	26	24
Noncash restructuring, impairment and plant closing costs	—	5
Deferred income taxes	66	125
Net unrealized loss (gain) on foreign currency transactions	8	(8)
Noncash compensation	17	10
Portion of insurance settlement representing investing activities	(34)	—
Other, net	2	1
Changes in operating assets and liabilities:		
Accounts and notes receivable	(318)	(225)
Accounts receivable from A/R Programs	(254)	—
Inventories	(184)	424
Prepaid expenses	(14)	(12)
Other current assets	(26)	(19)
Other noncurrent assets	(69)	(23)
Accounts payable	60	2
Accrued liabilities	2	37
Other noncurrent liabilities	(54)	(5)
<b>Net cash (used in) provided by operating activities</b>	<b>(325)</b>	<b>227</b>
<b>Investing Activities:</b>		
Capital expenditures	(132)	(140)
Proceeds from insurance settlement as reimbursement of capital expenditures	34	—
Proceeds from sale of businesses/assets, net of adjustments	—	5
Acquisition of business	—	(31)
Cash assumed in connection with the initial consolidation of a variable interest entity	11	—
Investment in unconsolidated affiliates	(4)	—
Change in restricted cash	1	—
(Increase) decrease in receivable from affiliate	(42)	8
Other, net	5	2
<b>Net cash used in investing activities</b>	<b>(127)</b>	<b>(156)</b>

(continued)

## HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (Continued)

(Dollars in Millions)

	Nine months ended September 30,	
	2010	2009
<b>Financing Activities:</b>		
Net repayments under revolving loan facilities	\$ (7)	\$ (10)
Revolving loan facility from A/R Programs	254	—
Net borrowings (repayments) on overdraft facilities	6	(14)
Repayments of short-term debt	(153)	(120)
Borrowings on short-term debt	188	95
Repayments of long-term debt	(837)	(528)
Proceeds from issuance of long-term debt	725	874
Repayments of notes payable to affiliate	(125)	(403)
Proceeds from notes payable to affiliate	110	529
Repayments of notes payable	(36)	(52)
Borrowings on notes payable	38	60
Debt issuance costs paid	(25)	(5)
Call premiums related to early extinguishment of debt	(13)	(14)
Dividends paid to parent	—	(23)
Excess tax benefit related to stock-based compensation	4	—
Contribution from parent	—	236
Other, net	—	(1)
<b>Net cash provided by financing activities</b>	<b>129</b>	<b>624</b>
Effect of exchange rate changes on cash	7	6
(Decrease) increase in cash and cash equivalents	(316)	701
Cash and cash equivalents at beginning of period	919	87
Cash and cash equivalents at end of period	<b>\$ 603</b>	<b>\$ 788</b>
<b>Supplemental cash flow information:</b>		
Cash paid for interest	\$ 133	\$ 153
Cash paid for income taxes	17	18

During the nine months ended September 30, 2010 and 2009, the amount of capital expenditures in accounts payable decreased by \$6 million and \$29 million, respectively. During the nine months ended September 30, 2010 and 2009, Huntsman Corporation contributed \$17 million and \$10 million, respectively, related to stock-based compensation. In connection with our June 23, 2009 acquisition of the Baroda Division of Metrochem Industries Limited, \$5 million of payables from us to Metrochem Industries Limited were forgiven. Beginning July 1, 2010, we began consolidating Arabian Amines Company, our ethylenamines manufacturing joint venture in Jubail, Saudi Arabia. For more information, see "Note 6. Variable Interest Entities."

During the nine months ended September 30, 2010 and 2009, capital expenditures of \$132 million and \$140 million, respectively, were reimbursed in part by \$34 million and nil, respectively, from insurance settlement proceeds. During the nine months ended September 30, 2010 we received \$110 million from the settlement of our insurance claims related to the 2006 fire at our Port Arthur Texas plant, \$34 million of which was considered as a reimbursement of capital expenditures.

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

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)**

(Dollars in Millions)

	Huntsman International LLC Members					
	Members' equity		Accumulated deficit	Accumulated other comprehensive loss	Noncontrolling interests in subsidiaries	Total equity
	Units	Amount				
Balance, January 1, 2010	2,728	\$ 3,021	\$ (1,847)	\$ (348)	\$ 21	\$ 847
Net income	—	—	149	—	3	152
Other comprehensive income	—	—	—	42	—	42
Consolidation of a VIE	—	—	—	—	35	35
Contribution from parent, net of distributions	—	17	—	—	—	17
Excess tax benefit related to stock-based compensation	—	4	—	—	—	4
Balance, September 30, 2010	2,728	\$ 3,042	\$ (1,698)	\$ (306)	\$ 59	\$ 1,097

	Huntsman International LLC Members					
	Members' equity		Accumulated deficit	Accumulated other comprehensive loss	Noncontrolling interests in subsidiaries	Total equity
	Units	Amount				
Balance, January 1, 2009	2,728	\$ 2,865	\$ (1,414)	\$ (554)	\$ 22	\$ 919
Net loss	—	—	(451)	—	(4)	(455)
Other comprehensive income	—	—	—	89	1	90
Contribution from parent, net of distributions	—	246	—	—	—	246
Dividends paid to parent	—	—	(23)	—	—	(23)
Balance, September 30, 2009	2,728	\$ 3,111	\$ (1,888)	\$ (465)	\$ 19	\$ 777

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

## HUNTSMAN CORPORATION AND SUBSIDIARIES

### HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

##### 1. GENERAL

###### CERTAIN DEFINITIONS

For convenience in this report, the terms "Company," "our," "us" or "we" may be used to refer to Huntsman Corporation and, unless the context otherwise requires, its subsidiaries and predecessors. Any references to our "Company," "we," "us" or "our" as of a date prior to October 19, 2004 (the date of our Company's formation) are to Huntsman Holdings, LLC and its subsidiaries (including their respective predecessors). In this report, "Huntsman International" refers to Huntsman International LLC (our 100% owned subsidiary) and, unless the context otherwise requires, its subsidiaries; "HPS" refers to Huntsman Polyurethanes Shanghai Ltd. (our consolidated splitting joint venture with Shanghai Chlor-Alkali Chemical Company, Ltd); and "SLIC" refers to Shanghai Liengheng Isocyanate Company (our unconsolidated manufacturing joint venture with BASF AG and three Chinese chemical companies).

In this report, we may use, without definition, the common names of competitors or other industry participants. We may also use the common names or abbreviations for certain chemicals or products.

###### INTERIM FINANCIAL STATEMENTS

Our interim condensed consolidated financial statements (unaudited) and Huntsman International's interim condensed consolidated financial statements (unaudited) have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP" or "U.S. GAAP") and in management's opinion, reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of results of operations, financial position and cash flows for the periods presented. Results for interim periods are not necessarily indicative of those to be expected for the full year. These condensed consolidated financial statements (unaudited) should be read in conjunction with the audited consolidated financial statements and notes to consolidated financial statements included in our Form 8-K filed on June 8, 2010.

###### DESCRIPTION OF BUSINESS

We are a global manufacturer of differentiated organic chemical products and of inorganic chemical products. Our products comprise a broad range of chemicals and formulations, which we market globally to a diversified group of consumer and industrial customers. Our products are used in a wide range of applications, including those in the adhesives, aerospace, automotive, construction products, 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, maleic anhydride, epoxy-based polymer formulations, textile chemicals, dyes and titanium dioxide.

We operate in five segments: Polyurethanes, Performance Products, Advanced Materials, Textile Effects and Pigments. Our Polyurethanes, Performance Products, Advanced Materials and Textile Effects segments produce differentiated organic chemical products and our Pigments segment produces inorganic chemical products. We ceased operation of our Australian styrenics business during the first quarter of 2010 and report the results of that business as discontinued operations. See "Note 20. Discontinued Operations."



## HUNTSMAN CORPORATION AND SUBSIDIARIES

### HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

##### 1. GENERAL (Continued)

###### COMPANY

Our Company, a Delaware corporation, was formed in 2004 to hold the Huntsman businesses. Jon M. Huntsman founded the predecessor to our Company in the early 1970s as a small packaging company. Since then, we have grown through a series of acquisitions and now own a global portfolio of businesses.

Currently, we operate all of our businesses through Huntsman International, our 100% owned subsidiary. Huntsman International is a Delaware limited liability company and was formed in 1999.

###### HUNTSMAN CORPORATION AND HUNTSMAN INTERNATIONAL FINANCIAL STATEMENTS

Except where otherwise indicated, these notes relate to the condensed consolidated financial statements (unaudited) for both our Company and Huntsman International. The differences between our financial statements and Huntsman International's financial statements relate primarily to the following:

- purchase accounting recorded at our Company for the 2003 step-acquisition of Huntsman International Holdings LLC, the former parent company of Huntsman International that was merged into Huntsman International in 2005;
- the different capital structures;
- a note payable from Huntsman International to us;
- (expenses) income associated with our terminated merger with a subsidiary of Hexion (the "Terminated Merger" or the "Hexion Merger");
- the \$250 million 7% convertible notes due 2018 (the "Convertible Notes") issued in connection with our December 14, 2008 settlement agreement with Apollo, Hexion and certain of their affiliates (the "Apollo Settlement Agreement"), which we repurchased on January 11, 2010 (see "Note 8. Debt—Transactions Affecting Our Debt—Redemption of Notes" and "Note 18. (Expenses) Income Associated with the Terminated Merger and Related Litigation"); and
- the results of our settlement agreement (the "Texas Bank Litigation Settlement Agreement") in connection with our litigation (the "Texas Bank Litigation") against affiliates of Credit Suisse Securities (USA) LLC and Deutsche Bank Inc. (collectively, the "Banks") (see "Note 18. (Expenses) Income Associated with the Terminated Merger and Related Litigation").

###### PRINCIPLES OF CONSOLIDATION

Our condensed consolidated financial statements (unaudited) and Huntsman International's condensed consolidated financial statements (unaudited) include the accounts of our wholly-owned and majority-owned and controlled subsidiaries and any variable interest entities for which we are the primary beneficiary. All intercompany accounts and transactions have been eliminated.

**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

**1. GENERAL (Continued)**

**USE OF ESTIMATES**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**RECLASSIFICATIONS**

Certain amounts in the condensed consolidated financial statements (unaudited) for prior periods have been reclassified to conform with the current presentation. In connection with the closure and abandonment of our Australian styrenics operations in the first quarter of 2010, we have treated this business as discontinued operations beginning in the first quarter of 2010. All relevant information for prior periods has been restated to reflect this change.

During the first quarter of 2010, we began reporting our last-in, first-out ("LIFO") inventory valuation reserve charges as part of Corporate and other. These charges were previously reported in our Performance Products segment. All segment information for prior periods has been restated to reflect this change.

During the third quarter of 2010, we began reporting the amounts outstanding under our accounts receivable securitization programs as part of our Polyurethanes, Performance Products, Advanced Materials, Textile Effects and Pigments segments. These amounts were previously reported in our Corporate and other segment. In addition, we eliminated intercompany balances from the assets of each reportable segment. All segment information for prior periods has been restated to reflect these changes.

**RECENT DEVELOPMENTS**

**2021 Subordinated Notes**

On September 24, 2010, Huntsman International completed a \$350 million offering of 8.625% subordinated notes due March 15, 2021 (the "2021 Subordinated Notes"). We used the net proceeds of \$343 million to redeem a portion of our euro-denominated senior subordinated notes due 2013 (€132 million (approximately \$177 million)) and a portion of U.S. dollar senior subordinated notes due 2014 (\$159 million of which settled on October 12, 2010). See "Note 8. Debt—Transactions Affecting our Debt—Redemption of Notes." As of September 30, 2010, \$159 million of these notes were classified as Current portion of long term debt on the accompanying condensed consolidated balance sheets (unaudited).

On October 28, 2010, the Company announced that it had priced an issuance of an additional \$180 million principal amount of 2021 Subordinated Notes through Huntsman International. The closing of the offering is expected to occur on November 12, 2010, subject to satisfaction of customary closing conditions. The Company intends to use all of the net proceeds to redeem the remaining \$188 million aggregate principal amount of its outstanding 7.875% senior subordinated notes due 2014, including the payment of accrued interest.

## HUNTSMAN CORPORATION AND SUBSIDIARIES

### HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

##### 1. GENERAL (Continued)

###### Note Redemptions

On October 12, 2010, Huntsman International repaid \$159 million of its 7.875% senior subordinated notes due 2014. The amount paid to redeem the notes, excluding accrued interest, was \$165 million, which included principal of \$159 million and premium of \$6 million. During the fourth quarter of 2010, we expect to recognize a loss on early extinguishment of debt of approximately \$7 million related to the partial redemption of these notes.

On September 27, 2010, Huntsman International repaid €132 million (approximately \$177 million) of its 6.875% senior subordinated notes due 2013. The amount paid to redeem the notes, excluding accrued interest, was €137 million (approximately \$183 million), which included principal of €132 million (approximately \$177 million) and premium of €5 million (approximately \$6 million). As of September 30, 2010, the 6.875% senior subordinated notes due 2013 have a remaining balance of €84 million (approximately \$113 million).

For more information, see "Note 8. Debt—Transactions Affecting Our Debt—Redemption of Notes."

##### 2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

###### Accounting Pronouncements Adopted During 2010

In February 2010, the Financial Accounting Standards Board ("FASB") issued and we adopted ASU No. 2010-09, *Subsequent Events (Topic 855)—Amendments to Certain Recognition and Disclosure Requirements*. This ASU provides a definition of the term "SEC filer" and removes the requirement for entities that are SEC filers to disclose the date through which subsequent events have been evaluated. We evaluate subsequent events through the date the financial statements are issued.

In January 2010, the FASB issued ASU No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820)—Improving Disclosures about Fair Value Measurements*. This ASU clarifies existing disclosure requirements to provide a greater level of disaggregated information and to provide more information regarding valuation techniques and inputs to fair value measurements. It requires additional disclosure related to transfers between the three levels of fair value measurement, as well as information about purchases, sales, issuances, and settlements in the roll forward of activity for Level 3 measurements. The enhanced disclosures required by this ASU are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity for Level 3 measurements, which is effective for interim and annual reporting periods beginning after December 15, 2010. See "Note 10. Fair Value."

Effective January 1, 2010, we adopted ASU No. 2009-17, *Consolidations (Topic 810)—Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities*, which codified Statement of Financial Accounting Standards ("SFAS") No. 167, *Amendments to FASB Interpretation No. 46(R)*. This statement amends FASB Interpretation No. ("FIN") 46(R), *Consolidation of Variable Interest Entities*, to replace the quantitative-based risks and rewards calculation for determining which enterprise has a controlling financial interest in a variable interest entity ("VIE") with a qualitative approach. This new approach focuses on identifying which enterprise has the power to direct the activities of a VIE that

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

**2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)**

most significantly impact the entity's economic performance and (1) the obligation to absorb losses of the entity or (2) the right to receive benefits from the entity. It also requires ongoing assessments of whether an enterprise is the primary beneficiary of a VIE, and amends the types of events that trigger a reassessment of whether an entity is a VIE. Further, it requires additional disclosures about an enterprise's involvement in variable interest entities. The initial adoption of this statement did not have a significant impact on our condensed consolidated financial statements (unaudited). See "Note 6. Variable Interest Entities."

Effective January 1, 2010, we adopted ASU No. 2009-16, *Transfers and Servicing (Topic 860)—Accounting for Transfers of Financial Assets*, which codified SFAS No. 166, *Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140*. This statement removes the concept of a qualifying special-purpose entity ("QSPE") from SFAS No. 140 and removes the exception from applying FIN 46(R) to QSPEs. SFAS No. 166 modifies the derecognition provisions in SFAS No. 140 and requires that a transferor recognize and initially measure at fair value all assets obtained (including a transferor's beneficial interest) and liabilities incurred as a result of a transfer of financial assets accounted for as a sale. It also requires additional disclosures regarding the transferor's continuing involvement with transferred financial assets and the related risks retained. Upon adoption of this statement, transfers of accounts receivable under our accounts receivable securitization programs no longer qualified for derecognition and were accounted for as secured borrowings beginning in January 2010. See "Note 8. Debt—Transactions Affecting Our Debt—Accounts Receivable Securitization." Prior to the adoption of this statement, receivables transferred under our U.S. and European accounts receivable securitization programs (the "U.S. A/R Program," the "EU A/R Program" and collectively the "A/R Programs") qualified as sales.

**Accounting Pronouncements Pending Adoption in Future Periods**

In October 2009, the FASB issued ASU No. 2009-13, *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements—a consensus of the FASB Emerging Issues Task Force*. This ASU provides amendments to the criteria for separating consideration in multiple-deliverable arrangements. The amendments in this ASU replace the term "fair value" in the revenue allocation guidance with "selling price" to clarify that the allocation of revenue is based on entity-specific assumptions rather than assumptions of a marketplace participant, and they establish a selling price hierarchy for determining the selling price of a deliverable. The amendments in this ASU will eliminate the residual method of allocation and require that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method, and they significantly expand the required disclosures related to multiple-deliverable revenue arrangements. The amendments in this ASU will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning after June 15, 2010. We are evaluating this ASU to determine its impact on our condensed consolidated financial statements (unaudited).

**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

**3. BUSINESS COMBINATIONS**

**LAFFANS ACQUISITION**

On July 31, 2010, we announced that we entered into a definitive agreement to acquire the chemicals business of Laffans Petrochemicals Ltd ("Laffans"). Located in Ankleshwar, India, Laffans manufactures amines and surfactants, had annual 2009 sales of approximately \$45 million and has 130 employees. The acquisition, with a cost of approximately \$21 million, including debt, a non-compete agreement and other obligations, is subject to certain terms and conditions and is expected to occur in the first half of 2011. The acquired business will be integrated into our Performance Products segment.

**BARODA ACQUISITION**

On June 23, 2009, we announced the acquisition of the Baroda Division ("Baroda") of Metrochem Industries Limited ("MCIL"), a manufacturing facility for the production of intermediates and specialty dyes for textiles, located in Baroda, India. Baroda had been a significant supplier to our Textile Effects division and this acquisition strengthens the Textile Effects division's competitiveness and supports its development in Asia. We initially entered into an agreement to acquire Baroda on June 29, 2007. The initial agreement provided either party with the right to terminate the agreement if a transaction was not consummated by April 30, 2008. On February 6, 2009, we entered into a non-binding agreement in principle with MCIL under which the purchase price was revised to be approximately \$35 million (U.S. dollar equivalents), which included receivables existing on the closing date due to MCIL from our affiliates, which were also settled at acquisition. Payment of the acquisition cost was phased in various tranches. The first tranche of \$7 million was paid during 2008; additional tranches were paid during 2009; and a final payment of \$2 million was made upon completion of the audit of net working capital acquired in the first quarter of 2010. In addition, \$5 million of accounts payable by us to MCIL were forgiven in connection with this acquisition.

We have accounted for the Baroda acquisition using the acquisition method. As such, we analyzed the fair value of tangible and intangible assets acquired and liabilities assumed. The allocation of

**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****3. BUSINESS COMBINATIONS (Continued)**

acquisition cost to the assets acquired and liabilities assumed is summarized as follows (dollars in millions):

Acquisition cost:	
Cash payments made in 2008	\$ 7
Cash payments made in 2009	31
Cash payments made in 2010	2
Forgiveness of amounts payable from us to MCIL	(5)
Total acquisition cost	<u>\$ 35</u>
Fair value of assets acquired and liabilities assumed:	
Accounts receivable	\$ 2
Inventories	3
Other current assets	2
Property, plant and equipment	31
Intangible assets	3
Deferred tax asset	2
Accounts payable	(3)
Short-term debt	(3)
Deferred tax liability	(2)
Total fair value of net assets acquired	<u>\$ 35</u>

**4. INVENTORIES**

Inventories are stated at the lower of cost or market, with cost determined using LIFO, first-in first-out, and average costs methods for different components of inventory. Inventories consisted of the following (dollars in millions):

	September 30, 2010	December 31, 2009
Raw materials and supplies	\$ 307	\$ 240
Work in progress	101	77
Finished goods	1,026	917
<b>Total</b>	<u>1,434</u>	<u>1,234</u>
LIFO reserves	(59)	(50)
<b>Net</b>	<u>\$ 1,375</u>	<u>\$ 1,184</u>

For both September 30, 2010 and December 31, 2009, approximately 10% of inventories were recorded using the LIFO cost method.

In the normal course of operations, we at times exchange raw materials and finished goods with other companies for the purpose of reducing transportation costs. The net non-monetary open exchange positions are valued at cost. The amounts included in inventory under non-monetary open

**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

**4. INVENTORIES (Continued)**

exchange agreements payable by us as of September 30, 2010 were \$3 million. The amounts included in inventory under non-monetary open exchange agreements receivable by us as of December 31, 2009 were \$2 million. Other open exchanges are settled in cash and result in a net deferred profit margin. The amounts under these open exchange agreements receivable or payable by us at both September 30, 2010 and December 31, 2009 were nil.

**5. INVESTMENT IN UNCONSOLIDATED AFFILIATES**

In 2008, we and our joint venture partner, the Zamil Group, formed Arabian Amines Company ("AAC"), our ethyleneamines manufacturing joint venture in Jubail, Saudi Arabia. AAC's funding requirements have been satisfied through a combination of debt and equity, with the equity already provided on a 50/50 basis by us and the Zamil Group. Trial production commenced in the second quarter of 2010 and from July 2010, AAC generated significant revenues from the sale of product. Final plant testing and certification is expected to be complete in the fourth quarter of 2010. The plant has an approximate annual capacity of 60 million pounds. We will purchase and sell all of the production from this joint venture. We have provided certain guarantees of approximately \$14 million for these obligations, which will terminate upon completion of the project and satisfaction of certain conditions. A \$1 million guarantee will be provided after project completion. We have estimated that the fair value of these guarantees was nil as of the closing date of this transaction and, accordingly, no amounts have been recorded. While AAC was accounted for under the equity method during its development stage, we began consolidating this joint venture beginning July 1, 2010. For more information, see "Note 6. Variable Interest Entities."

During the nine months ended September 30, 2010, we recorded a non-recurring \$18 million credit to equity income of investment in unconsolidated affiliates to appropriately reflect our investment in the Sasol-Huntsman GmbH and Co. KG ("Sasol-Huntsman") joint venture. This credit represented a cumulative correction of an error that was individually immaterial in each year since our initial investment in the joint venture in 1997. In connection with the current expansion of the maleic anhydride capacity at our Sasol-Huntsman joint venture we believe that the joint venture is a VIE and that we may be the primary beneficiary. Accordingly, we may consolidate this joint venture beginning in the first quarter of 2011 when the plant expansion starts production.

**6. VARIABLE INTEREST ENTITIES**

We evaluate our investments and transactions to identify VIEs for which we are the primary beneficiary. We hold a variable interest in the following three joint ventures for which we are the primary beneficiary:

- Rubicon LLC ("Rubicon") manufactures products for our Polyurethanes segment. The structure of the joint venture is such that the total equity investment at risk is not sufficient to permit the joint venture to finance its activities without additional financial support. By virtue of the operating agreement with this joint venture, we purchase a majority of the output, absorb a majority of the operating costs and provide a majority of the additional funding.

**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****6. VARIABLE INTEREST ENTITIES (Continued)**

- Pacific Iron Products Sdn Bhd ("Pacific Iron Products") manufactures products for our Pigments segment. In this joint venture we supply all the raw materials through a fixed cost supply contract, operate the manufacturing facility and market the products of the joint venture to third party customers. Through a fixed price raw materials supply contract with the joint venture we are exposed to the risk related to the fluctuation of raw material pricing.
- AAC manufactures products for our Performance Products segment. Prior to July 1, 2010, this joint venture was in the development stage and the total equity investment at risk was sufficient for the joint venture to finance its activities without additional support. Therefore, AAC was accounted for under the equity method. In July 2010, AAC exited the development stage, which triggered the reconsideration of AAC as a VIE. As required in the operating agreement governing this joint venture, we purchase all of AAC's production and sell it to our customers. Substantially all of the joint venture's activities are conducted on our behalf. Accordingly, we began consolidating AAC beginning July 1, 2010.

Creditors of these entities have no recourse to our general credit, except in the event that we offer guarantees of specified indebtedness. As the primary beneficiary of three variable interest entities at September 30, 2010, the joint ventures' assets, liabilities and results of operations are included in our condensed consolidated financial statements (unaudited).

The following table summarizes the carrying amount of Rubicon and Pacific Iron Products' assets and liabilities included in our condensed consolidated balance sheet (unaudited), before intercompany eliminations, as of September 30, 2010 (dollars in millions):

Current assets	\$ 85
Property, plant and equipment, net	17
Other noncurrent assets	46
Deferred income taxes	38
Total assets	<u>\$ 186</u>
Current liabilities	\$ 94
Long-term debt	3
Other noncurrent liabilities	93
Total liabilities	<u>\$ 190</u>



**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****6. VARIABLE INTEREST ENTITIES (Continued)**

The following table summarizes the carrying amount of AACs assets and liabilities included in our condensed consolidated balance sheet (unaudited), before intercompany eliminations, as of September 30, 2010 and July 1, 2010 (dollars in millions):

	September 30, 2010	July 1, 2010
Current assets	\$ 26	\$ 28
Property, plant and equipment, net	250	260
Other noncurrent assets	10	1
Intangible assets	7	7
<b>Total assets</b>	<b>\$ 293</b>	<b>\$ 296</b>
Current liabilities	\$ 38	\$ 39
Long-term debt	181	181
Other noncurrent liabilities	7	6
<b>Total liabilities</b>	<b>\$ 226</b>	<b>\$ 226</b>

AAC's assets and liabilities were recorded at estimated fair value as of July 1, 2010, and are preliminary pending final valuation of certain assets and liabilities.

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

7. RESTRUCTURING, IMPAIRMENT AND PLANT CLOSING COSTS

As of September 30, 2010 and December 31, 2009, accrued restructuring, impairment and plant closing costs by type of cost and initiative consisted of the following (dollars in millions):

	Workforce reductions(1)	Demolition and decommissioning	Non-cancelable lease costs	Other restructuring costs	Total(2)
Accrued liabilities as of January 1, 2010	\$ 50	\$ 1	\$ 3	\$ 21	\$ 75
2010 charges for 2005 initiatives	1	—	—	—	1
2010 charges for 2009 initiatives	4	—	—	3	7
2010 charges for 2010 initiatives	22	—	—	—	22
Reversal of reserves no longer required	(5)	—	(1)	—	(6)
2010 payments for 2005 initiatives	—	(1)	—	—	(1)
2010 payments for 2006 initiatives	(2)	—	—	—	(2)
2010 payments for 2008 initiatives	(7)	—	—	—	(7)
2010 payments for 2009 initiatives	(11)	—	—	(3)	(14)
Net activity of discontinued operations	(24)	—	—	3	(21)
Foreign currency effect on liability balance	2	—	—	—	2
Accrued liabilities as of September 30, 2010	<u>\$ 30</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ 24</u>	<u>\$ 56</u>

- (1) The total workforce reduction reserves of \$30 million relate to the termination of 310 positions, of which 273 positions had not been terminated as of September 30, 2010.
- (2) Accrued liabilities by initiatives were as follows (dollars in millions):

	September 30, 2010	December 31, 2009
2005 initiatives and prior	\$ 3	\$ 3
2006 initiatives	3	5
2008 initiatives	—	7
2009 initiatives	26	60
2010 initiatives	24	—
Total	<u>\$ 56</u>	<u>\$ 75</u>

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

7. RESTRUCTURING, IMPAIRMENT AND PLANT CLOSING COSTS (Continued)

Details with respect to our reserves for restructuring, impairment and plant closing costs are provided below by segment and initiative (dollars in millions):

	Polyurethanes	Performance Products	Advanced Materials	Textile Effects	Pigments	Discontinued Operations	Corporate & Other	Total
Accrued liabilities as of January 1, 2010	\$ 2	\$ —	\$ 7	\$ 17	\$ 11	\$ 34	\$ 4	\$ 75
2010 charges for 2005 initiatives	—	—	—	—	1	—	—	1
2010 charges for 2009 initiatives	—	—	1	—	6	—	—	7
2010 charges for 2010 initiatives	—	—	—	16	—	—	6	22
Reversal of reserves no longer required	—	—	(3)	—	(2)	—	(1)	(6)
2010 payments for 2005 initiatives	—	—	—	—	(1)	—	—	(1)
2010 payments for 2006 initiatives	—	—	—	(2)	—	—	—	(2)
2010 payments for 2008 initiatives	(1)	—	—	(5)	(1)	—	—	(7)
2010 payments for 2009 initiatives	—	—	(3)	(2)	(6)	—	(3)	(14)
Net activity of discontinued operations	—	—	—	—	—	(21)	—	(21)
Foreign currency effect on liability balance	—	—	—	2	—	—	—	2
Accrued liabilities as of September 30, 2010	\$ 1	\$ —	\$ 2	\$ 26	\$ 8	\$ 13	\$ 6	\$ 56
Current portion of restructuring reserves	\$ 1	\$ —	\$ 1	\$ 26	\$ 7	\$ 13	\$ 6	\$ 54
Long-term portion of restructuring reserve	—	—	1	—	1	—	—	2
Estimated additional future charges for current restructuring projects	—	—	—	—	—	—	—	—
Estimated additional charges within one year	—	—	—	—	4	—	1	5
Estimated additional charges beyond one year	—	—	—	—	—	—	—	—

**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****7. RESTRUCTURING, IMPAIRMENT AND PLANT CLOSING COSTS (Continued)**

Details with respect to cash and non-cash restructuring charges for the periods ended September 30, 2010 and 2009 by initiative are provided below (dollars in millions):

	<b>Three months ended September 30, 2010</b>	<b>Nine months ended September 30, 2010</b>
<b>Cash charges:</b>		
2010 charges for 2005 & prior initiatives	\$ —	\$ 1
2010 charges for 2009 initiatives	2	7
2010 charges for 2010 initiatives	2	22
Reversal of reserves no longer required	—	(6)
<b>Total 2010 Restructuring, Impairment and Plant Closing Costs</b>	<b>\$ 4</b>	<b>\$ 24</b>

	<b>Three months ended September 30, 2009</b>	<b>Nine months ended September 30, 2009</b>
<b>Cash charges:</b>		
2009 charges for 2006 initiatives	\$ —	\$ 1
2009 charges for 2008 initiatives	2	4
2009 charges for 2009 initiatives	7	78
Reversal of reserves no longer required	(1)	(4)
Non-cash charges	(1)	4
<b>Total 2009 Restructuring, Impairment and Plant Closing Costs</b>	<b>\$ 7</b>	<b>\$ 83</b>

During the nine months ended September 30, 2010, our Textile Effects segment recorded net charges of \$16 million primarily related to the consolidation of our Swiss manufacturing facilities.

During the nine months ended September 30, 2010, our Pigments segment recorded net charges of \$5 million primarily related to the closure of the Grimsby, U.K. plant. We expect to incur additional charges of \$4 million through December 31, 2012, primarily related to the closure of the Grimsby, U.K. plant.

During the nine months ended September 30, 2010, we recorded net charges of \$5 million in Corporate and other related to workforce reductions in connection with a reorganization and regional consolidation of our transactional accounting activities. We expect to incur additional charges of \$1 million through December 31, 2011, related to these activities.

**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****8. DEBT**

Outstanding debt consisted of the following (dollars in millions):

**Huntsman Corporation**

	September 30, 2010	December 31, 2009
Senior Credit Facilities:		
Term loans	\$ 1,686	\$ 1,968
Amounts outstanding under A/R programs	243	—
Senior notes	447	434
Subordinated notes	1,442	1,294
Australian credit facilities	30	34
HPS (China) debt	201	163
Variable interest entities—AAC	199	—
Convertible notes	—	236
Other	89	83
Total debt—excluding debt to affiliates	<u>\$ 4,337</u>	<u>\$ 4,212</u>
Total Current portion of debt	\$ 384	\$ 431
Long-term portion	3,953	3,781
Total debt—excluding debt to affiliates	<u>\$ 4,337</u>	<u>\$ 4,212</u>
Total debt—excluding debt to affiliates	\$ 4,337	\$ 4,212
Notes payable to affiliates—noncurrent	4	5
Total debt	<u>\$ 4,341</u>	<u>\$ 4,217</u>

**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****8. DEBT (Continued)****Huntsman International**

	September 30, 2010	December 31, 2009
<b>Senior Credit Facilities:</b>		
Term loans	\$ 1,686	\$ 1,968
Amounts outstanding under A/R programs	243	—
Senior notes	447	434
Subordinated notes	1,442	1,294
Australian credit facilities	30	34
HPS (China) debt	201	163
Variable interest entities—AAC	199	—
Other	89	83
Total debt—excluding debt to affiliates	<u>\$ 4,337</u>	<u>\$ 3,976</u>
Total Current portion of debt	\$ 384	\$ 195
Long-term portion	3,953	3,781
Total debt—excluding debt to affiliates	<u>\$ 4,337</u>	<u>\$ 3,976</u>
Total debt—excluding debt to affiliates	\$ 4,337	3,976
Notes payable to affiliates—current	100	25
Notes payable to affiliates—noncurrent	439	530
Total debt	<u>\$ 4,876</u>	<u>\$ 4,531</u>

**DIRECT AND SUBSIDIARY DEBT**

Huntsman Corporation's direct debt and guarantee obligations consist of the following: guarantees of certain debt of HPS (our Chinese MDI joint venture); a guarantee of certain obligations of AAC (our consolidated ethyleneamines manufacturing joint venture in Jubail, Saudi Arabia); a guarantee of certain debt of Huntsman Corporation Australia Pty Limited; certain indebtedness incurred from time to time to finance certain insurance premiums; and a guarantee of certain obligations of Huntsman International in its capacity as a contributor and servicer guarantor under the U.S. A/R Program. Substantially all of our other debt, including the facilities described below, has been incurred by our subsidiaries (primarily Huntsman International); such subsidiary debt is nonrecourse to us and we have no contractual obligation to fund our subsidiaries' respective operations.

**TRANSACTIONS AFFECTING OUR DEBT*****Senior Credit Facilities***

As of September 30, 2010, our senior credit facilities ("Senior Credit Facilities") consisted of (i) our \$290 million revolving credit facility ("Revolving Facility"); (ii) our \$1,302 million term loan B facility ("Term Loan B"); and (iii) our \$427 million (\$384 million carrying value) term loan C facility

**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

**8. DEBT (Continued)**

("Term Loan C" and, collectively with Term Loan B, the "Dollar Term Loans"). As of September 30, 2010, we had no borrowings outstanding under our Revolving Facility, and we had approximately \$34 million (U.S. dollar equivalents) of letters of credit and bank guarantees issued and outstanding under our Revolving Facility. All of our Senior Credit Facilities are obligations of Huntsman International and are not direct obligations of Huntsman Corporation.

On September 30, 2010, Huntsman International increased the aggregate amount of revolving commitments available under the Revolving Facility from \$225 million to \$290 million, as provided for in the Fifth Amendment to Credit Agreement, dated March 9, 2010 (discussed below). There are currently no borrowings outstanding under the Revolving Facility.

On March 9, 2010, Huntsman International entered into the Fifth Amendment to Credit Agreement with JPMorgan Chase Bank, N.A., as successor administrative agent and collateral agent, and the other financial institutions party thereto, which amended certain terms of our Senior Credit Facilities (the "2010 Amendment"). Among other things, the 2010 Amendment:

- replaced Deutsche Bank AG New York Branch as administrative agent, collateral agent and U.K. security trustee with JPMorgan Chase Bank, N.A. as administrative agent and collateral agent and JPMorgan Chase Bank, N.A. or an affiliate thereof as U.K. security trustee;
- extended the stated maturity of the Revolving Facility to March 9, 2014 and provides for optional extensions of such stated maturity date from time to time with the consent of the lenders and subject to certain specified conditions and exceptions;
- limits the aggregate amount of the revolving commitments allowable under the Revolving Facility to an amount up to \$300 million, including \$290 million currently obtained from the lenders;
- terminated a waiver that was entered into on April 16, 2009 with respect to the Leverage Covenant (as defined below);
- reduces the maximum letter of credit sublimit to \$75 million (not including existing letters of credit issued by Deutsche Bank AG New York Branch) and the maximum swing line sublimit to \$25 million;
- increases the applicable LIBOR margin range on revolving loans by 1.75% to up to 3.50% per annum;
- increases the unused commitment fee percentage to a range of 0.50% to up to 0.75%; and
- amends the mandatory prepayment provisions to permit the reinvestment of certain insurance and condemnation proceeds.

At the present time, borrowings under the Revolving Facility, Term Loan B and Term Loan C bear interest at LIBOR plus 3.25%, LIBOR plus 1.50% and LIBOR plus 2.25%, respectively. The applicable interest rate of the Revolving Facility and Term Loan B are subject to certain secured leverage ratio thresholds. The Revolving Facility matures on March 9, 2014 (subject to optional extensions from time to time with the consent of the lenders and subject to certain specified conditions and exceptions), Term Loan B matures in 2014 and Term Loan C matures in 2016. Notwithstanding the stated maturity

**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

**8. DEBT (Continued)**

dates, the maturities of the Revolving Facility and the Dollar Term Loans will accelerate if we do not repay or refinance all but \$100 million of Huntsman International's outstanding debt securities on or before three months prior to the maturity dates of such debt securities.

During the nine months ended September 30, 2010, we paid the annual scheduled repayment of \$16 million on Term Loan B and \$5 million on Term Loan C. In addition, we made the following prepayments on our Senior Credit Facilities:

- On April 26, 2010, we prepaid \$124 million on Term Loan B and \$40 million on Term Loan C with cash accumulated in prior periods. In connection with this prepayment, we incurred a loss on early extinguishment of debt of \$5 million.
- On June 22, 2010, we prepaid \$83 million on Term Loan B and \$27 million on Term Loan C with proceeds from the final settlement of insurance claims. See "Note 17. Casualty Losses and Insurance Recoveries—Port Arthur, Texas Plant Fire." In connection with this prepayment, we incurred a loss on early extinguishment of debt of \$2 million.

***Accounts Receivable Securitization***

Under our A/R Programs, we grant an undivided interest in certain of our trade receivables to bankruptcy-remote special purpose entities (the "U.S. SPE" and the "EU SPE"). This undivided interest serves as security for the issuance of debt. The A/R Programs provide for financing through a conduit program (in both U.S. dollars and euros). Receivables transferred under the A/R Programs qualified as sales through December 31, 2009. Upon adoption of new accounting guidance in 2010, transfers of accounts receivable under our A/R Programs no longer met the criteria for derecognition. Accordingly, the amounts outstanding under our A/R Programs are accounted for as secured borrowings as of January 1, 2010. See "Note 2. Recently Issued Accounting Pronouncements." Our A/R Programs are obligations of Huntsman International and are not direct obligations of Huntsman Corporation.

As of September 30, 2010, under our A/R Programs, we had \$243 million in U.S. dollar equivalents in loans outstanding (consisting of \$55 million and €139 million (approximately \$188 million)). As of September 30, 2010, \$614 million of accounts receivable were pledged as collateral under the A/R Programs. As of December 31, 2009, the A/R Programs had \$254 million in U.S. dollar equivalents in loans outstanding (consisting of \$55 million and €139 million (approximately \$199 million)).

***2021 Subordinated Notes***

On September 24, 2010, Huntsman International completed a \$350 million offering of 2021 Subordinated Notes. We used the net proceeds of \$343 million to redeem a portion of our euro-denominated senior subordinated notes due 2013 (€132 million (approximately \$177 million)) and a portion of U.S. dollar senior subordinated notes due 2014 (\$159 million of which settled on October 12, 2010). See "—Redemption of Notes" below. As of September 30, 2010, \$159 million of these notes were classified as Current portion of long term debt on the accompanying condensed consolidated balance sheets (unaudited).



**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

**8. DEBT (Continued)**

The 2021 Subordinated Notes bear interest at the rate of 8.625% per annum payable semi-annually on March 15 and September 15 beginning on March 15, 2011. The 2021 Subordinated Notes will mature on March 15, 2021. At any time prior to September 15, 2013, Huntsman International may redeem up to 40% of the aggregate principal amount of the 2021 Subordinated Notes with the net cash proceeds of certain equity offerings. Huntsman International may redeem the 2021 Subordinated Notes in whole or in part prior to September 15, 2015 at a price equal to 100% of the principal amount thereof plus a "make-whole" premium. The 2021 Subordinated Notes are redeemable on or after September 15, 2015 at 104.3125%, declining ratably to par on or after September 15, 2018.

The 2021 Subordinated Notes are general unsecured senior subordinated obligations of Huntsman International and are guaranteed on a general unsecured senior subordinated basis by substantially all of Huntsman International's domestic subsidiaries and certain foreign subsidiaries (collectively, "Subsidiary Guarantors"). The indenture governing the 2021 Subordinated Notes imposes certain limitations on the ability of Huntsman International and its subsidiaries to, among other things, incur additional indebtedness, pay dividends or make certain other restricted payments, enter into transactions with affiliates, create dividend or other payment restrictions affecting restricted subsidiaries and merge or consolidate with any other person, sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets or adopt a plan of liquidation.

Upon the occurrence of certain change of control events, holders of the 2021 Subordinated Notes will have the right to require that Huntsman International purchase all or a portion of such holder's 2021 Subordinated Notes in cash at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase.

***2020 Subordinated Notes***

On March 17, 2010, Huntsman International completed a \$350 million offering of 8.625% subordinated notes due March 15, 2020 (the "2020 Subordinated Notes"). We used the net proceeds of \$343 million to redeem a portion of our euro-denominated senior subordinated notes due 2013 (€184 million (approximately \$253 million)) and a portion of our euro-denominated senior subordinated notes due 2015 (€59 million (approximately \$81 million)). See "—Redemption of Notes" below.

At any time prior to March 15, 2013, Huntsman International may redeem up to 40% of the aggregate principal amount of the 2020 Subordinated Notes with the net cash proceeds of certain equity offerings. Huntsman International may redeem the 2020 Subordinated Notes in whole or in part prior to March 15, 2015 at a price equal to 100% of the principal amount thereof plus a "make-whole" premium. The 2020 Subordinated Notes are redeemable on or after March 15, 2015 at 104.3125%, declining ratably to par on or after March 15, 2018.

Interest is payable on the 2020 Subordinated Notes semiannually on March 15 and September 15 of each year. The 2020 Subordinated Notes are general unsecured senior subordinated obligations of Huntsman International and are guaranteed on a general unsecured senior subordinated basis by our Subsidiary Guarantors. The indenture governing the 2020 Subordinated Notes contains covenants relating to, among other things, the following: the incurrence of additional indebtedness; the payment

**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

**8. DEBT (Continued)**

of dividends and the payment of certain other restricted payments; transactions with affiliates; creating dividend or other payment restrictions affecting restricted subsidiaries; the merger or consolidation with any other person or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of its assets; or the adoption of a plan of liquidation.

***Redemption of Notes***

On October 12, 2010, Huntsman International repaid \$159 million of its 7.875% senior subordinated notes due 2014. The amount paid to redeem the notes, excluding accrued interest, was \$165 million, which included principal of \$159 million and premium of \$6 million. As of September 30, 2010 and prior to this redemption, the 7.875% senior subordinated notes due 2014 had a remaining balance of \$347 million (\$351 million carrying value). After the redemption, the 7.875% senior subordinated notes due 2014 have a remaining balance of \$188 million (carrying value of \$190). During the fourth quarter of 2010, we expect to recognize a loss on early extinguishment of debt of approximately \$7 million related to the partial redemption of these notes.

On September 27, 2010, Huntsman International repaid €132 million (approximately \$177 million) of its 6.875% senior subordinated notes due 2013. The amount paid to redeem the notes, excluding accrued interest, was €137 million (approximately \$183 million), which included principal of €132 million (approximately \$177 million) and premium of €5 million (approximately \$6 million). As of September 30, 2010, the 6.875% senior subordinated notes due 2013 have a remaining balance of €84 million (approximately \$113 million).

On March 17, 2010, Huntsman International repaid €184 million (approximately \$253 million) of its 6.875% senior subordinated notes due 2013. The amount paid to redeem the notes, excluding accrued interest, was €189 million (approximately \$259 million), which included principal of €184 million (approximately \$253 million) and premium of €5 million (approximately \$7 million).

On March 17, 2010, Huntsman International repaid €59 million (approximately \$81 million) of its 7.5% senior subordinated notes due 2015. The amount paid to redeem the notes, excluding accrued interest, was €59 million (approximately \$81 million). As of September 30, 2010, the 7.5% senior subordinated notes due 2015 have a remaining balance of €76 million (approximately \$103 million).

On January 11, 2010, we repurchased the entire \$250 million principal amount of our outstanding Convertible Notes for approximately \$382 million from Apollo and its affiliates. The Convertible Notes were issued to Apollo in December 2008. The Convertible Notes, which would have matured on December 23, 2018, bore interest at 7% per annum and were convertible into approximately 31.8 million shares of our common stock. As a result of the repurchase of the Convertible Notes, we recorded a loss on early extinguishment of debt in the first quarter of 2010 of \$146 million.

On July 23, 2009, Huntsman International redeemed in full all of its \$296 million 11.625% senior secured notes due October 2010. The total redemption payment, excluding accrued interest was \$305 million, which included principal of \$296 million and a call premium of approximately \$9 million.

**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

**8. DEBT (Continued)**

On August 3, 2009, Huntsman International redeemed in full all of its \$198 million 11.5% senior notes due July 2012. The total redemption payment, excluding accrued interest, was \$204 million, which included principal of \$198 million and a call premium of \$6 million.

In connection with these redemptions, we recorded a loss on early extinguishment of debt for the three and nine months ended September 30, 2010 of \$7 million and \$162 million, respectively and for the three and nine months ended September 30, 2009 of \$21 million each. Huntsman International recorded a loss on early extinguishment of debt for the three and nine months ended September 30, 2010 of \$7 million and \$16 million, respectively, and for the three and nine months ended September 30, 2009 of \$21 million each.

***Variable Interest Entity Debt***

AAC has the following loan commitments and debt financing:

- A loan facility from Saudi Industrial Development Fund ("SIDF") for SR 466 million (approximately \$124 million), of which SR 454 million (approximately \$121 million) was outstanding as of September 30, 2010. Repayment of the loan is to be made in 14 semi-annual installments that are currently scheduled to commence in 2012 with final maturity in 2018. The loan is secured by a mortgage over the fixed assets of the project and is 100% guaranteed by the Zamil Group, our 50% joint venture partner.
- A bridge loan for purposes of bridging the SIDF Facility. As of September 30, 2010, SR 27 million (approximately \$7 million) was outstanding under this facility. The facility is scheduled to mature in 2021.
- A multi-purpose Islamic term facility which, as of September 30, 2010, had \$63 million outstanding. This facility is scheduled to be repaid in 22 semi-annual installments commencing in 2011.
- A working capital loan facility up to \$8 million. As of September 30, 2010, \$8 million was outstanding under this facility. This facility matures in 2021. This working capital facility is classified as Current portion of debt on the accompanying condensed consolidated balance sheets (unaudited).

***Other Debt***

On April 1, 2010, our \$25 million European overdraft facility was terminated. This facility was a demand facility used for the working capital needs of our European subsidiaries. In September 2010, we replaced this facility with a new \$25 million European overdraft facility that is a demand facility we will use for the working capital needs of our European subsidiaries. In addition, we continue to maintain certain other foreign overdraft facilities used for working capital needs.

HPS obtained secured loans for the construction of its MDI production facility. This debt consists of various committed loans, including both U.S. dollar and RMB term loans and RMB working capital loans. During the nine months ended September 30, 2010, HPS refinanced RMB 130 million (approximately \$19 million) in working capital loans that were scheduled to be repaid during the

**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

**8. DEBT (Continued)**

quarter. The loans were refinanced for three years at the same interest rate of 90% of the Peoples Bank of China rate, which was 4.9% as of September 30, 2010.

HPS has a loan facility for the purpose of discounting commercial drafts with recourse. The facility has a stated capacity for discounting up to CNY700 million (approximately \$105 million) and drafts are discounted using a discount rate of the three-month SHIBOR plus 2.2%. The facility agreement is for one year and is renewed annually. During the three months ended September 30, 2010, the facility was extended from July 2010 to June 2011. As of September 30, 2010, HPS has discounted with recourse CNY647 million (approximately \$97 million) of commercial drafts, all of which is classified as Current portion of debt on the accompanying condensed consolidated balance sheets (unaudited). While the facility has a maturity of June 2011, the lender has the right to accept or reject drafts presented for discounting.

On June 30, 2010, we amended certain credit facilities used by certain of our Australian subsidiaries (the "Australian Credit Facilities"). The amendment, among other things, extended the maturity of the facility to June 2015 and amended the interest rate to the Australian index rate plus a margin of 3.75% for borrowings under the revolving facility and 3.5% for borrowings under the term facility, so long as a guarantee remains in place from Huntsman Corporation. In addition, the amendment provides that the revolving facility collateral includes the secured interest in certain receivables. As of September 30, 2010, the aggregate balance outstanding under the Australian Credit Facilities was A\$30 million (approximately \$30 million, of which \$16 million is classified as Current portion of long term debt on the accompanying condensed consolidated balance sheets).

During the third quarter of 2010, we incurred other debt related to the financing of our insurance premiums in connection with our annual renewal in July 2010. As of September 30, 2010, the outstanding amount of financed insurance premiums was \$23 million, all of which was classified as Current portion of debt on the accompanying condensed consolidated balance sheets (unaudited). The insurance premium financing is secured by the prepaid insurance premiums.

***Intercompany Note***

Under an existing promissory note (the "Intercompany Note"), we have provided financing to Huntsman International. As of September 30, 2010, the outstanding total balance of the Intercompany Note was \$535 million. Under the agreements governing the Senior Credit Facilities, Huntsman International cannot repay amounts under the Intercompany Note if there are any outstanding revolving loans, swing line loans or outstanding letters of credit that are not cash collateralized, unless, before and after giving effect to such payment on a pro forma basis, Huntsman International is currently in compliance with the leverage covenant in the Senior Credit Facilities (the "Leverage Covenant"). During the nine months ended September 30, 2010, Huntsman International repaid a net \$15 million under the Intercompany Note. As of September 30, 2010, and in accordance with the limitation contained in the agreements governing our Senior Credit Facilities as described above, Huntsman International would be permitted to repay the entire \$535 million balance on the Intercompany Note.

**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

**8. DEBT (Continued)**

The Intercompany Note is unsecured and \$100 million of the outstanding amount is classified as current as of September 30, 2010 on the accompanying condensed consolidated balance sheets (unaudited). As of September 30, 2010, under the terms of the Intercompany Note, Huntsman International promises to pay us interest on the unpaid principal amount at a rate per annum based on the previous monthly average borrowing rate obtained under our U.S. A/R Program, less 10 basis points (provided that the rate shall not exceed an amount that is 25 basis points less than the monthly average borrowing rate obtained for the U.S. LIBOR-based borrowings under our Revolving Facility). Subject to the conditions of the Senior Credit Facilities, with our consent, the principal and accrued interest outstanding under the Intercompany Note may also be forgiven, capitalized or satisfied with any alternate form of consideration.

**COMPLIANCE WITH COVENANTS**

Our management believes that we are in compliance with the covenants contained in the agreements governing our material debt instruments, including our Senior Credit Facilities, our A/R Programs and our notes.

Our Senior Credit Facilities are subject to a single financial covenant, the Leverage Covenant, which applies only to the Revolving Facility and is tested at the Huntsman International level. The Leverage Covenant is applicable only if borrowings, letters of credit or guarantees are outstanding under the Revolving Facility (cash collateralized letters of credit or guarantees are not deemed outstanding). The Leverage Covenant is a net senior secured leverage ratio covenant which requires that Huntsman International's ratio of senior secured debt to EBITDA (as defined in the applicable agreement) is no more than 3.75 to 1.

If in the future Huntsman International failed to comply with the Leverage Covenant, then we would not have access to liquidity under our Revolving Facility. If Huntsman International failed to comply with the Leverage Covenant at a time when we had loans or letters of credit outstanding under the Revolving Facility, Huntsman International would be in default under the Senior Credit Facilities, and, unless Huntsman International obtained a waiver or forbearance with respect to such default (as to which we can provide no assurance), Huntsman International could be required to pay off the balance of the Senior Credit Facilities in full, and we would not have further access to such facilities.

The agreements governing our A/R Programs also contain certain financial covenants. Any material failure to meet the applicable A/R Program's covenants in the future could lead to an event of default under the A/R Programs, which could require us to cease our use of such facilities. Under these circumstances, unless any default was remedied or waived, we would likely lose the ability to obtain financing with respect to our trade receivables. A material default under the A/R Programs would also constitute an event of default under our Senior Credit Facilities, which could require us to pay off the balance of the Senior Credit Facilities in full and could result in the loss of our Senior Credit Facilities.

**9. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES**

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

**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

**9. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Continued)**

All derivatives, whether designated in hedging relationships or not, are recorded on our balance sheet at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and the hedged items are recognized in earnings. If the derivative is designated as a cash flow hedge, changes in the fair value of the derivative are recorded in accumulated other comprehensive income (loss), to the extent effective, and will be recognized in the income statement when the hedged item affects earnings. To the extent applicable, we perform effectiveness assessments in order to use hedge accounting at each reporting period. For a derivative that does not qualify as a hedge or to the extent that the hedge is ineffective, changes in fair value are recognized in earnings.

We also hedge our net investment in certain European operations. Changes in the fair value of the hedge in the net investment of certain European operations are recorded in accumulated other comprehensive (loss) income.

Our cash flows and earnings are subject to fluctuations due to exchange rate variation. Our revenues and expenses are denominated in various currencies. From time to time, we may enter into foreign currency derivative instruments to minimize the short-term impact of movements in foreign currency rates. Where practicable, we generally net multicurrency cash balances among our subsidiaries to help reduce exposure to foreign currency exchange rates. Certain other exposures may be managed from time to time through financial market transactions, principally through the purchase of spot or forward foreign exchange contracts (generally with maturities of one year or less). We do not hedge our currency exposures in a manner that would eliminate the effect of changes in exchange rates on our cash flows and earnings. As of September 30, 2010, we had approximately \$168 million notional amount (in U.S. dollar equivalents) outstanding in forward foreign currency contracts.

On December 9, 2009, we entered into a five-year interest rate contract to hedge the variability caused by monthly changes in cash flow due to associated changes in LIBOR under our Senior Credit Facilities. The notional value of the contract is \$50 million and was designated as a cash flow hedge. The effective portion of the changes in the fair value of the swap was recorded in other comprehensive loss. We will pay a fixed 2.6% on the hedge and receive the one-month LIBOR rate. As of September 30, 2010, the fair value of the hedge was \$3 million and is recorded in other noncurrent liabilities.

On January 19, 2010, we entered into an additional five-year interest rate contract to hedge the variability caused by monthly changes in cash flow due to associated changes in LIBOR under our Senior Credit Facilities. The notional value of the contract is \$50 million and was designated as a cash flow hedge. The effective portion of the changes in the fair value of the swap was recorded in other comprehensive loss. We will pay a fixed 2.8% on the hedge and receive the one-month LIBOR rate. As of September 30, 2010, the fair value of the hedge was \$3 million and is recorded in other noncurrent liabilities.

Beginning in 2009, AAC entered into a 12 year floating to fixed interest rate contract providing to us LIBOR interest payments for a fixed payment of 5.02%. In connection with the consolidation of AAC as of July 1, 2010, the interest rate contract is now consolidated by Huntsman International. See Note 6. "Variable Interest Entities." The notional amount of the hedge as of September 30, 2010 is \$63 million and the interest rate contract is not designated as a cash flow hedge. As of September 30,

**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

**9. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Continued)**

2010, the fair value of the hedge was \$7 million and was recorded in Other noncurrent liabilities on the accompanying condensed consolidated balance sheets (unaudited). For the quarter ended September 30, 2010 we recorded interest expense of \$1 million.

In conjunction with the issuance of our 2020 Subordinated Notes, we entered into cross-currency interest rate contracts with three counterparties. On March 17, 2010, we made payments of \$350 million to these counterparties and received €255 million from these counterparties, and on maturity, March 15, 2015, we are required to pay €255 million to these counterparties and will receive \$350 million from these counterparties. On March 15 and September 15 of each year, we will receive U.S. dollar interest payments of approximately \$15 million (equivalent to an annual rate of 8.625%) and make interest payments of approximately €11 million (equivalent to an annual rate of approximately 8.41%). This swap is designated as a hedge of net investment for financial reporting purposes. As of September 30, 2010, the fair value of this swap was \$15 million and was recorded as noncurrent assets in our condensed consolidated balance sheet (unaudited). For the three and nine months ended September 30, 2010, the effective portion of the changes in the fair value of \$(34) million and \$3 million, respectively, was recorded in other comprehensive income, with the ineffective portion of \$(2) million and \$12 million, respectively, recorded as an (addition) reduction to interest expense. On July 15, 2010, we changed the method of assessing the effectiveness of this hedge from the spot method to the forward method, which we believe will reduce the ineffective portion and lower volatility in interest expense in future periods.

For the three and nine months ended September 30, 2010, the changes in fair value of the realized gains (losses) recorded in the accompanying condensed consolidated statements of operations (unaudited) of our other outstanding foreign currency rate hedging contracts and derivatives were not considered significant.

A significant portion of our intercompany debt is denominated in euros. We also finance certain of our non-U.S. subsidiaries with intercompany loans that are, in many cases, denominated in currencies other than the entities' functional currency. We manage the net foreign currency exposure created by this debt through various means, including cross-currency swaps, the designation of certain intercompany loans as permanent loans because they are not expected to be repaid in the foreseeable future ("permanent loans") and the designation of certain debt and swaps as net investment hedges.

Foreign currency transaction gains and losses on intercompany loans that are not designated as permanent loans are recorded in earnings. Foreign currency transaction gains and losses on intercompany loans that are designated as permanent loans are recorded in other comprehensive loss. From time to time, we review such designation of intercompany loans.

From time to time, we review our non-U.S. dollar denominated debt and swaps to determine the appropriate amounts designated as hedges. As of September 30, 2010, we have designated approximately €338 million (\$459 million) of euro-denominated debt and the cross-currency interest rate swap as a hedge of our net investments. For the three and nine months ended September 30, 2010, the amount of (loss) gain recognized on the hedge of our net investments was \$(60) million and \$28 million, respectively and was recorded in other comprehensive loss. As of September 30, 2010, we had €1,174 million (approximately \$1,594 million) in net euro assets.

**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****10. FAIR VALUE**

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

**Huntsman Corporation**

	September 30, 2010		December 31, 2009	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Non-qualified employee benefit plan investments	\$ 9	\$ 9	\$ 10	\$ 10
Cross-currency interest rate contracts	15	15	—	—
Interest rate contracts	(13)	(13)	1	1
Long-term debt (including current portion)	(4,337)	(4,457)	(4,212)	(4,390)

**Huntsman International**

	September 30, 2010		December 31, 2009	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Non-qualified employee benefit plan investments	\$ 9	\$ 9	\$ 10	\$ 10
Cross-currency interest rate contracts	15	15	—	—
Interest rate contracts	(13)	(13)	1	1
Long-term debt (including current portion)	(4,337)	(4,457)	(3,976)	(3,951)

The carrying amounts reported in the balance sheets for cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the immediate or short-term maturity of these financial instruments. The fair value of non-qualified employee benefit plan investments is estimated using prevailing market prices. The estimated fair values of our long-term debt other than the Convertible Notes are based on quoted market prices for the identical liability when traded as an asset in an active market. The estimated fair value of our Convertible Notes at December 31, 2009 was based on the present value of estimated future cash flows, calculated using management's best estimates of key assumptions including relevant interest rates, expected share volatility, dividend yields and the probabilities associated with certain features of the Convertible Notes.

The fair value estimates presented herein are based on pertinent information available to management as of September 30, 2010 and December 31, 2009. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since September 30, 2010, and current estimates of fair value may differ significantly from the amounts presented herein.



**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****10. FAIR VALUE (Continued)**

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

<u>Description</u>	<u>September 30,</u> <u>2010</u>	<u>Fair Value Amounts Using</u>		
		<u>Quoted prices in</u> <u>active</u> <u>markets for</u> <u>identical</u> <u>assets (Level 1)</u>	<u>Significant</u> <u>other</u> <u>observable</u> <u>inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>unobservable</u> <u>inputs</u> <u>(Level 3)</u>
<b>Assets:</b>				
Available-for-sale equity securities:				
Equity mutual funds	\$ 9	\$ 9	\$ —	\$ —
Derivatives:				
Cross-currency interest rate contract(1)	15	—	—	15
<b>Total assets</b>	<u>\$ 24</u>	<u>\$ 9</u>	<u>\$ —</u>	<u>\$ 15</u>
<b>Liabilities:</b>				
Derivatives:				
Interest rate contracts(2)	\$ 13	\$ —	\$ 13	\$ —

- (1) The income approach is used to calculate the fair value of these instruments. Fair value represents the present value of estimated future cash flows, calculated using relevant interest rates, exchange rates, and yield curves at stated intervals.
- (2) The income approach is used to calculate the fair value of these instruments. Fair value represents the present value of estimated future cash flows, calculated using relevant interest rates and yield curves at stated intervals.

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

10. FAIR VALUE (Continued)

The following table shows a reconciliation of beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) (dollars in millions):

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	Three months ended September 30, 2010		Nine months ended September 30, 2010		
	Cross-Currency Interest Rate Contract	Total	Retained Interest in Securitized Receivables	Cross-Currency Interest Rate Contract	Total
	Beginning balance	\$ 51	\$ 51	\$ 262	\$ —
Total gains or losses					
Included in earnings (or changes in net assets)	(2)	(2)	—	12	12
Included in other comprehensive income (loss)	(34)	(34)	—	3	3
Purchases, issuances, sales and settlements(1)	—	—	(262)	—	(262)
Ending balance	\$ 15	\$ 15	\$ —	\$ 15	\$ 15
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets still held at September 30, 2010	\$ (2)	\$ (2)	\$ —	\$ 12	\$ 12

- (1) Upon adoption of ASU 2009-16, transfers of our accounts receivable under our A/R Programs no longer met the criteria for derecognition. Accordingly, beginning January 1, 2010, the amounts outstanding under the A/R Programs were accounted for as secured borrowings and the retained interest in securitized receivables was no longer relevant.

Gains and losses (realized and unrealized) included in earnings (or changes in net assets) for the three months and nine months ended September 30, 2010 are reported in interest expense and other comprehensive loss as follows (dollars in millions):

	Three months ended September 30, 2010		Nine months ended September 30, 2010	
	Interest Expense	Other comprehensive income (loss)	Interest Expense	Other comprehensive income (loss)
Total net (losses) gains included in earnings	\$ (2)	\$ —	\$ 12	\$ —
Changes in unrealized gains (losses) relating to assets still held at June 30, 2010	(2)	(34)	12	3

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

11. EMPLOYEE BENEFIT PLANS

Components of the net periodic benefit costs for the three and nine months ended September 30, 2010 and 2009 were as follows (dollars in millions):

Huntsman Corporation

	Defined Benefit Plans		Other Postretirement Benefit Plans	
	Three Months Ended		Three Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
Service cost	\$ 15	\$ 13	\$ —	\$ 3
Interest cost	35	36	1	3
Expected return on assets	(39)	(37)	—	—
Amortization of prior service cost	(1)	(1)	(1)	(1)
Amortization of actuarial loss	6	8	1	(3)
Special termination benefits	—	1	—	—
Net periodic benefit cost	\$ 16	\$ 20	\$ 1	\$ 2

	Defined Benefit Plans		Other Postretirement Benefit Plans	
	Nine Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
Service cost	\$ 48	\$ 46	\$ 2	\$ 5
Interest cost	106	106	5	7
Expected return on assets	(121)	(107)	—	—
Amortization of prior service cost	(4)	(4)	(2)	(2)
Amortization of actuarial loss	18	25	1	(2)
Special termination benefits	—	2	—	—
Curtailment gain	—	(1)	—	—
Net periodic benefit cost	\$ 47	\$ 67	\$ 6	\$ 8

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

11. EMPLOYEE BENEFIT PLANS (Continued)

Huntsman International

	Defined Benefit Plans		Other Postretirement Benefit Plans	
	Three Months Ended		Three Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
Service cost	\$ 15	\$ 13	\$ —	\$ 3
Interest cost	35	36	1	3
Expected return on assets	(39)	(37)	—	—
Amortization of prior service cost	(1)	(1)	(1)	(1)
Amortization of actuarial loss	7	10	1	(3)
Special termination benefits	—	1	—	—
Net periodic benefit cost	<u>\$ 17</u>	<u>\$ 22</u>	<u>\$ 1</u>	<u>\$ 2</u>

	Defined Benefit Plans		Other Postretirement Benefit Plans	
	Nine Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
Service cost	\$ 48	\$ 46	\$ 2	\$ 5
Interest cost	106	106	5	7
Expected return on assets	(121)	(107)	—	—
Amortization of prior service cost	(4)	(4)	(2)	(2)
Amortization of actuarial loss	22	30	1	(2)
Special termination benefits	—	2	—	—
Curtailement gain	—	(1)	—	—
Net periodic benefit cost	<u>\$ 51</u>	<u>\$ 72</u>	<u>\$ 6</u>	<u>\$ 8</u>

During the nine months ended September 30, 2010 and 2009, we made contributions to our pension and other postretirement benefit plans of \$100 million and \$115 million, respectively. During the remainder of 2010, we expect to contribute an additional amount of \$21 million to these plans.

On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act. On March 30, 2010, President Obama signed into law a reconciliation measure, the Health Care and Education Reconciliation Act of 2010. The passage of this legislation has resulted in comprehensive reform of health care in the U.S. We are currently evaluating the impact of this legislation on our results of operations and financial condition.

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

12. HUNTSMAN CORPORATION STOCKHOLDERS' EQUITY

COMMON STOCK DIVIDENDS

On each of September 30, June 30 and March 31, 2010, we paid cash dividends of \$24 million, or \$0.10 per share, to common stockholders of record as of September 15, June 15 and March 15, 2010, respectively. On each of September 30, June 30 and March 31, 2009 we paid cash dividends of approximately \$24 million, or \$0.10 per share, to common stockholders of record as of September 15, June 15 and March 15, 2009, respectively.

13. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) were as follows (dollars in millions):

Huntsman Corporation

	Accumulated other comprehensive income (loss)		Other comprehensive income (loss)			
			Three Months Ended		Nine Months Ended	
	September 30, 2010	December 31, 2009	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Foreign currency translation adjustments, net of tax of \$20 and \$15 as of September 30, 2010 and December 31, 2009, respectively	\$ 304	\$ 274	\$ 143	\$ 28	\$ 30	\$ 68
Pension and other postretirement benefit adjustments, net of tax of \$98 and \$102 as of September 30, 2010 and December 31, 2009, respectively	(568)	(580)	2	9	12	20
Other comprehensive income (loss) of unconsolidated affiliates	7	7	—	—	—	(3)
Other, net	2	6	1	1	(4)	1
<b>Total</b>	<b>(255)</b>	<b>(293)</b>	<b>146</b>	<b>38</b>	<b>38</b>	<b>86</b>
Amounts attributable to noncontrolling interests	6	6	—	(1)	—	(1)
Amounts attributable to Huntsman Corporation	\$ (249)	\$ (287)	\$ 146	\$ 37	\$ 38	\$ 85

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

13. OTHER COMPREHENSIVE INCOME (LOSS) (Continued)

Huntsman International

	Accumulated other comprehensive income (loss)		Other comprehensive income (loss)			
			Three Months Ended		Nine Months Ended	
	September 30, 2010	December 31, 2009	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Foreign currency translation adjustments, net of tax of \$7 and \$2 as of September 30, 2010 and December 31, 2009, respectively	\$ 303	\$ 273	\$ 144	\$ 27	\$ 30	\$ 68
Pension and other postretirement benefit adjustments, net of tax of \$130 and \$134 as of September 30, 2010 and December 31, 2009, respectively	(619)	(635)	3	11	16	24
Other comprehensive income (loss) of unconsolidated affiliates	7	7	—	—	—	(3)
Other, net	(3)	1	1	1	(4)	1
<b>Total</b>	<b>(312)</b>	<b>(354)</b>	<b>148</b>	<b>39</b>	<b>42</b>	<b>90</b>
Amounts attributable to noncontrolling interests	6	6	—	(1)	—	(1)
Amounts attributable to Huntsman International LLC	\$ (306)	\$ (348)	\$ 148	\$ 38	\$ 42	\$ 89

Items of other comprehensive income (loss) of our Company and our consolidated affiliates have been recorded net of tax, with the exception of the foreign currency translation adjustments related to subsidiaries with earnings permanently reinvested. The tax effect is determined based upon the jurisdiction where the income or loss was recognized and is net of valuation allowances.

14. COMMITMENTS AND CONTINGENCIES

LEGAL MATTERS

Asbestos Litigation

We have been named as a "premises defendant" in a number of asbestos exposure cases, typically claims by non-employees of exposure to asbestos while at a facility. In the past, these cases typically have involved multiple plaintiffs bringing actions against multiple defendants, and the complaints have not indicated which plaintiffs were making claims against which defendants, where or how the alleged

**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****14. COMMITMENTS AND CONTINGENCIES (Continued)**

injuries occurred or what injuries each plaintiff claimed. These facts, which would be central to any estimate of probable loss, generally have been learned only through discovery.

Where a claimant's alleged exposure occurred prior to our ownership of the relevant "premises," the prior owners generally have contractually agreed to retain liability for, and to indemnify us against, asbestos exposure claims. This indemnification is not subject to any time or dollar amount limitations. Upon service of a complaint in one of these cases, we tender it to the prior owner. None of the complaints in these cases state the amount of damages being sought. The prior owner accepts responsibility for the conduct of the defense of the cases and payment of any amounts due to the claimants. In our sixteen-year experience with tendering these cases, we have not made any payment with respect to any tendered asbestos cases. We believe that the prior owners have the intention and ability to continue to honor their indemnity obligations, although we cannot assure you that they will continue to do so or that we will not be liable for these cases if they do not.

The following table presents for the periods indicated certain information about cases for which service has been received that we have tendered to the prior owner, all of which have been accepted.

	Nine months ended September 30,	
	2010	2009
Unresolved at beginning of period	1,138	1,140
Tendered during period	23	13
Resolved during period(1)	21	14
Unresolved at end of period	1,140	1,139

- (1) Although the indemnifying party informs us when tendered cases have been resolved, it generally does not inform us of the settlement amounts relating to such cases, if any. The indemnifying party has informed us that it typically manages our defense together with the defense of other entities in such cases and resolves claims involving multiple defendants simultaneously, and that it considers the allocation of settlement amounts, if any, among defendants to be confidential and proprietary. Consequently, we are not able to provide the number of cases resolved with payment by the indemnifying party or the amount of such payments.

We have never made any payments with respect to these cases. As of September 30, 2010, we had an accrued liability of \$16 million relating to these cases and a corresponding receivable of \$16 million relating to our indemnity protection with respect to these cases. We cannot assure you that our liability will not exceed our accruals or that our liability associated with these cases would not be material to our financial condition, results of operations or liquidity; however, we are not able to estimate the amount or range of loss in excess of our accruals. Additional asbestos exposure claims may be made against us in the future, and such claims could be material. However, because we are not able to estimate the amount or range of losses associated with such claims, we have made no accruals with respect to unasserted asbestos exposure claims as of September 30, 2010.

**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****14. COMMITMENTS AND CONTINGENCIES (Continued)**

Certain cases in which we are a "premises defendant" are not subject to indemnification by prior owners or operators. The following table presents for the periods indicated certain information about these cases. Cases include all cases for which service has been received by us. Certain prior cases that were filed in error against us have been dismissed.

	Nine months ended September 30,	
	2010	2009
Unresolved at beginning of period	39	43
Filed during the period	3	1
Resolved during period	2	3
Unresolved at end of period	40	41

We paid gross settlement costs for asbestos exposure cases that are not subject to indemnification of \$200,000 and nil during the nine months ended September 30, 2010 and 2009, respectively. As of September 30, 2010, we had an accrual of \$225,000 relating to these cases. We cannot assure you that our liability will not exceed our accruals or that our liability associated with these cases would not be material to our financial condition, results of operations or liquidity; however, we are not able to estimate the amount or range of loss in excess of our accruals. Additional asbestos exposure claims may be made against us in the future, and such claims could be material. However, because we are not able to estimate the amount or range of losses associated with such claims, we have made no accruals with respect to unasserted asbestos exposure claims as of September 30, 2010.

**Antitrust Matters**

We have been named as a defendant in civil class action antitrust suits alleging that between 1999 and 2004 we conspired with Bayer, BASF, Dow and Lyondell to fix the prices of MDI, TDI, polyether polyols, and related systems ("polyether polyol products") sold in the U.S. in violation of the federal Sherman Act. These cases are consolidated as the "Polyether Polyols" cases in multidistrict litigation known as *In re Urethane Antitrust Litigation*, MDL No. 1616, Civil No. 2:04-md-01616-JWL-DJW, pending in the U.S. District Court for the District of Kansas.

In addition, we and the other Polyether Polyol defendants have also been named as defendants in three civil antitrust suits brought by certain direct purchasers of polyether polyol products that opted out of the class certified in MDL No. 1616. While these opt out plaintiffs make similar claims as the class plaintiffs, the court denied defendants' motion to dismiss claims of improper activity outside the class period. Accordingly, the relevant time frame for these cases is 1994-2006. These cases are referred to as the "direct action cases" and are pending in the U.S. District Court for the District of New Jersey.

Merits discovery was consolidated in MDL No. 1616 for both the class and direct action cases and is ongoing. The trial is currently scheduled for May 2012.

Two purported class action cases filed May 5 and 17, 2006 pending in the Superior Court of Justice, Ontario Canada and Superior Court, Province of Quebec, District of Quebec, by direct



**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

**14. COMMITMENTS AND CONTINGENCIES (Continued)**

purchasers of MDI, TDI and polyether polyols and by indirect purchasers of these products remain largely dormant although the plaintiffs have recently filed papers seeking class certification. A purported class action case filed February 15, 2002 by purchasers of products containing rubber and urethanes products and pending in Superior Court of California, County of San Francisco is stayed pending resolution of MDL No. 1616. Finally, we have been named in a proposed third amended complaint by indirect purchasers of MDI, TDI, polyether polyols and polyester polyols pending against Bayer and Chemtura in the U.S. District Court for the District of Massachusetts. The matter is currently stayed pending a settlement of previously asserted claims against Bayer and Chemtura. We opposed the motion for leave to file the proposed amended complaint adding us as a defendant in that action. The plaintiffs in each of these matters make similar claims against the defendants as the class plaintiffs in MDL No. 1616.

We have been named as a defendant in two purported class action civil antitrust suits alleging that we and our co-defendants and other co-conspirators conspired to fix prices of titanium dioxide sold in the U.S. between at least March 1, 2002 and the present. The cases were filed on February 9 and 12, 2010 in the U.S. District Court for the District of Maryland and a consolidated complaint was filed on April 12, 2010. The other defendants named in this matter are E.I. du Pont de Nemours and Company, Kronos Worldwide Inc., Millennium Inorganic Chemicals, Inc. and the National Titanium Dioxide Company Limited (d/b/a Cristal). Together with our co-defendants we have filed a motion to dismiss this litigation.

In all of the antitrust litigation currently pending against us, the plaintiffs generally are seeking injunctive relief, treble damages, costs of suit and attorneys fees.

The plaintiffs' pleadings in these various antitrust suits provide few specifics about any alleged illegal conduct on our part, and we are not aware of any illegal conduct by us or any of our employees. For these reasons, we cannot estimate the possibility of loss or range of loss relating to these claims, and therefore we have not accrued a liability for these claims. Nevertheless, we could incur losses due to these claims in the future and those losses could be material.

**Port Arthur Plant Fire Insurance Litigation**

On April 29, 2006, our former Port Arthur, Texas olefins manufacturing plant (which we sold to Flint Hills Resources in November 2007) experienced a major fire. The plant was covered by property damage and business interruption insurance through International Risk Insurance Company ("IRIC"), our captive insurer, and certain reinsurers (the "Reinsurers"). The property damage and business interruption insurance was subject to a combined deductible of \$60 million. We, together with IRIC, asserted claims to the Reinsurers related to losses occurring as a result of this fire. On August 31, 2007, the Reinsurers brought an action against us in the U.S. District Court for the Southern District of Texas. The action sought to compel us to arbitrate with the Reinsurers to resolve disputes related to our claims or, in the alternative, to declare judgment in favor of the Reinsurers. Pursuant to a December 29, 2008 agreement, we participated with the Reinsurers in binding arbitration. We paid our deductible on the claim of \$60 million and were paid \$365 million by the Reinsurers prior to the commencement of binding arbitration. On May 14, 2010, we entered into a settlement agreement with the Reinsurers, including those Reinsurers that did not participate in the arbitration proceedings, that

**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

**14. COMMITMENTS AND CONTINGENCIES (Continued)**

resolved the remainder of our insurance claim for a total amount of \$110 million. The Reinsurers completed the payment of this amount on June 15, 2010. For more information, see "Note 17. Casualty Losses and Insurance Recoveries—Port Arthur, Texas Plant Fire."

**Other Proceedings**

We are a party to various other proceedings instituted by private plaintiffs, governmental authorities and others arising under provisions of applicable laws, including various environmental, products liability and other laws. Except as otherwise disclosed in this report, we do not believe that the outcome of any of these matters will have a material adverse effect on our financial condition, results of operations or liquidity.

**Guarantees**

AAC obtained various loan commitments in the aggregate amount of approximately \$195 million (U.S. dollar equivalents), of which \$192 million was drawn and outstanding as of September 30, 2010. We have provided certain guarantees of approximately \$14 million for these commitments and our guarantees will terminate upon completion of the project and satisfaction of certain other conditions. A \$1 million guarantee will be provided after project completion. We have estimated that the fair value of such guarantees was nil as of the closing date of this transaction and, accordingly, no amounts have been recorded.

**15. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS**

**GENERAL**

We are subject to extensive federal, state, local and foreign laws, regulations, rules and ordinances relating to safety, pollution, protection of the environment and the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials. In the ordinary course of business, we are subject to frequent environmental inspections and monitoring and occasional investigations by governmental enforcement authorities. In addition, our production facilities require operating permits that are subject to renewal, modification and, in certain circumstances, revocation. Actual or alleged violations of safety laws, 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.

**ENVIRONMENTAL, HEALTH AND SAFETY SYSTEMS**

We are committed to achieving and maintaining compliance with all applicable environmental, health and safety ("EHS") legal requirements, and we have developed policies and management systems that are intended to identify the multitude of EHS legal requirements applicable to our operations, enhance compliance with applicable legal requirements, ensure the safety of our employees,

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**15. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (Continued)**

contractors, community neighbors and customers and minimize the production and emission of wastes and other pollutants. Although EHS legal requirements are constantly changing and are frequently difficult to comply with, these EHS management systems are designed to assist us in our compliance goals while also fostering efficiency and improvement and minimizing overall risk to us.

**EHS CAPITAL EXPENDITURES**

We may incur future costs for capital improvements and general compliance under EHS laws, including costs to acquire, maintain and repair pollution control equipment. For the nine months ended September 30, 2010 and 2009, our capital expenditures for EHS matters totaled \$47 million and \$28 million, respectively. Because capital expenditures for these matters are subject to evolving regulatory requirements and depend, in part, on the timing, promulgation and enforcement of specific requirements, our capital expenditures for EHS matters have varied significantly from year to year and we cannot provide assurance that our recent expenditures will be indicative of future amounts required under EHS laws.

**REMEDIATION LIABILITIES**

We have incurred, and we may in the future incur, liability to investigate and clean up waste or contamination at our current or former facilities or facilities operated by third parties at which we may have disposed of waste or other materials. Similarly, we may incur costs for the cleanup of waste that was disposed of prior to the purchase of our businesses. Under some circumstances, the scope of our liability may extend to damages to natural resources.

Under the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, and similar state laws, a current or former owner or operator of real property may be liable for remediation costs regardless of whether the release or disposal of hazardous substances was in compliance with law at the time it occurred, and a current owner or operator may be liable regardless of whether it owned or operated the facility at the time of the release. We have been notified by third parties of claims against us for cleanup liabilities at approximately 10 former facilities or third party sites, including, but not limited to, sites listed under CERCLA. Based on current information and past experiences at other CERCLA sites, we do not expect any of these third party claims to result in material liability to us. Outside the U.S., analogous contaminated property laws, such as those in effect in France and Australia, can hold past owners and/or operators liable for remediation at former facilities.

One of these sites, the North Maybe Canyon Mine CERCLA site, includes an abandoned phosphorous mine near Soda Springs, Idaho believed to have been operated by one of our predecessor companies (El Paso Products Company). In 2004, the U.S. Forest Service notified us that we are a CERCLA Potentially Responsible Party (a "PRP") for the mine site involving selenium-contaminated surface water. Under a 2004 administrative order, the current mine lessee, Nu-West Industries, Inc., began undertaking the investigation required for a CERCLA removal process. In 2008, the site was transitioned to the CERCLA remedial action process, which requires a Remedial Investigation/Feasibility Study (an "RI/FS"). In 2009, the Forest Service notified the three PRPs (our Company, Nu-West and Wells Cargo) that it would undertake the RI/FS itself. On February 19, 2010, in

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**15. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (Continued)**

conjunction with Wells Cargo, we agreed to jointly comply with a unilateral administrative order (a "UAO") to conduct an RI/FS of the entire West Ridge of the site, although we are alleged to have had only a limited historical presence in the investigation area. In March 2010, following the initiation of litigation by Nu-West, the Forest Service assumed Nu-West's original investigation obligations. We continue to coordinate with our insurers regarding policy coverage in this matter. On June 15, 2010, we received the UAO which had been executed by the Forest Service. At this time, we are unable to estimate the cost of the RI/FS or our ultimate liability in this matter, but we do not believe it will be material to our financial condition.

In addition, under the Resource Conservation and Recovery Act, or RCRA, and similar state laws, we may be required to remediate contamination originating from our properties as a condition to our hazardous waste permit. Some of our manufacturing sites have an extended history of industrial chemical manufacturing and use, including on-site waste disposal. We are aware of soil, groundwater or surface contamination from past operations at some of our sites, and we may find contamination at other sites in the future. For example, our Port Neches, Texas, and Geismar, Louisiana, facilities are the subject of ongoing remediation requirements under RCRA authority. Similar laws exist in a number of locations in which we currently operate manufacturing facilities, such as Australia, Switzerland and Italy.

In June of 2006, an agreement was reached between the local regulatory authorities and our Advanced Materials site in Pamplona, Spain to relocate our manufacturing operations in order to facilitate new urban development desired by the city. Subsequently, as required by the authorities, soil and groundwater sampling was performed and followed by a quantitative risk assessment. Although unresolved at this time, some level of remediation of site contamination may be required in the future, but the estimated cost is unknown because the remediation approach and timing has not been determined.

By letter dated March 7, 2006, our Base Chemicals and Polymers facility in West Footscray, Australia, was issued a clean-up notice by the Environmental Protection Authority, Victoria, Australia (the "EPA Victoria") due to concerns about soil and groundwater contamination emanating from the site. The agency revoked the original clean-up notice on September 4, 2007 and issued a revised clean-up notice due to "the complexity of contamination issues" at the site. On August 23, 2010, EPA Victoria revoked the second clean-up notice and issued a revised notice that included a requirement for financial assurance for the remediation. As a consequence, we have entered into negotiations regarding the form of the financial assurance with EPA Victoria. We can provide no assurance that the agency will agree with our proposal, will not seek to institute additional requirements for the site or that additional costs will not be associated with the clean up. This facility has been closed and demolition commenced in May 2010. In the third quarter of 2009, we recorded a \$30 million liability related to estimated environmental remediation costs at this site.

In many cases, our potential liability arising from historical contamination is based on operations and other events occurring prior to our ownership of a business or specific facility. In these situations, we frequently obtained an indemnity agreement from the prior owner addressing remediation liabilities arising from pre-closing conditions. We have successfully exercised our rights under these contractual covenants for a number of sites and, where applicable, mitigated our ultimate remediation liability. We

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**15. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (Continued)**

cannot assure you, however, that all of such matters will be subject to indemnity, that the prior owner will honor its indemnity or that our existing indemnities will be sufficient to cover our liabilities for such matters.

By letter of March 15, 2010, the U.S. Department of Justice (the "DOJ") notified us that the U.S. Environmental Protection Agency (the "EPA") has requested that the DOJ bring an action in federal court against us and other PRPs for recovery of costs incurred by the U.S. in connection with releases of hazardous substances from the State Marine Superfund Site in Port Arthur, Texas. As of August 31, 2007, the EPA had incurred and paid approximately \$2.8 million in unreimbursed response costs related to the site. Prior to filing the complaint, the DOJ requested that PRPs sign and return a standard tolling agreement (from March 31, 2010 through September 30, 2010) and participate in settlement discussions. We originally responded to an information request regarding this site on March 7, 2005 and identified historical transactions associated with a predecessor of a company we acquired. The prior owners have contractually agreed to indemnify us in this matter. While the DOJ is aware of the indemnity, we may be required to participate in future settlement discussions; therefore, on March 29, 2010, we submitted the signed tolling agreement and offer to negotiate to the DOJ. The tolling agreement has since been extended until March 31, 2011.

Based on available information and the indemnification rights we believe are likely to be available, we believe that the costs to investigate and remediate known contamination will not have a material adverse effect on our financial condition, results of operations or cash flows. However, if such indemnities are unavailable or do not fully cover the costs of investigation and remediation or we are required to contribute to such costs, and if such costs are material, then such expenditures may have a material adverse effect on our financial condition, results of operations or cash flows. At the current time, we are unable to estimate the total cost, exclusive of indemnification benefits, to remediate any of the known contamination sites.

**ENVIRONMENTAL RESERVES**

We have accrued liabilities relating to anticipated environmental cleanup obligations, site reclamation and closure costs and known penalties. Liabilities are recorded when potential liabilities are either known or considered probable and can be reasonably estimated. Our liability estimates are calculated using present value techniques and are based upon requirements placed upon us by regulators, available facts, existing technology and past experience. The environmental liabilities do not include amounts recorded as asset retirement obligations. We had accrued \$45 million and \$41 million for environmental liabilities as of September 30, 2010 and December 31, 2009, respectively. Of these amounts, \$8 million and \$5 million were classified as accrued liabilities in our consolidated balance sheets as of September 30, 2010 and December 31, 2009, respectively, and \$36 million were classified as other noncurrent liabilities in our consolidated balance sheets for both September 30, 2010 and December 31, 2009. In certain cases, our remediation liabilities may be payable over periods of up to 30 years. We may incur losses for environmental remediation in excess of the amounts accrued; however, we are not able to estimate the amount or range of such potential excess.

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**15. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (Continued)**

**REGULATORY DEVELOPMENTS**

**Reach Regulations**

In December 2006, the EU parliament and EU council approved a new EU regulatory framework for chemicals called "REACH" (Registration, Evaluation and Authorization of Chemicals). REACH took effect on June 1, 2007, and the program it establishes will be phased in over 11 years. Under the regulation, companies that manufacture in or import into the European Economic Area ("EEA") more than one metric tonne of a chemical substance per year will be required to register such chemical substances and isolated intermediates in a central database. Use authorizations will be granted for a specific chemical if the applicants can show that the risks in using the chemical are adequately controlled; and for chemicals where there are no suitable alternative substances or technologies available and the applicant can demonstrate that the social and economic benefits of using the chemical outweigh the risks. In addition, specified uses of some hazardous substances may be restricted. Furthermore, all applicants will have to study the availability of alternative chemicals. If an alternative is available, an applicant will have to submit a "substitution" plan to the regulatory agency. The regulatory agency will only authorize persistent bio-accumulative and toxic substances if an alternative chemical is not available. The registration, evaluation and authorization phases of the program will require expenditures and resource commitments in order to, for example, participate in mandatory data-sharing forums; acquire, generate and evaluate data; prepare and submit dossiers for substance registration; obtain legal advice and reformulate products, if necessary. We have established a cross-business European REACH team that is working closely with our businesses to identify and list all substances we purchase or manufacture in, or import into, the EEA. We met pre-registration REACH compliance requirements by the November 30, 2008 regulatory deadline, with the exception of pre-registrations for two substances, for a total of 1,850 pre-registrations for substances that we intend to register. We are currently proceeding with the registration of the two substances as provided for under REACH, as well as of the high-volume and high-priority chemicals under the program, which must be registered no later than November 30, 2010. Although the total long-term cost for REACH compliance is not estimable at this time, we spent approximately \$3 million, \$2 million and \$3 million during the years ended December 31, 2009, 2008 and 2007, respectively, on REACH compliance. However, we cannot provide assurance that these recent expenditures will be indicative of future amounts required for REACH compliance.

**Greenhouse Gas Regulation**

Although the existence of binding emissions limitations under the Kyoto Protocol after 2012 is in doubt, we expect our operations to be subject to increasing greenhouse gas ("GHG") regulations. Even in the absence of a new global agreement to limit GHGs, we may be subject to additional regulation under the European Union Emissions Trading System as well as new national and regional GHG trading programs. For example, our operations in Australia and selected U.S. states and Canadian provinces may be subject to future GHG regulations under contemplated national or regional emissions trading systems.

Because the United States has yet to pass federal climate change legislation, domestic GHG efforts are likely to be guided by EPA regulations in the near future. While EPA's GHG programs are

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**15. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (Continued)**

currently subject to judicial challenge, our domestic operations may become subject to EPA's regulatory requirements when implemented. In particular, expansions of our existing facilities or construction of new facilities may be subject to the Clean Air Act's Prevention of Significant Deterioration Requirements under EPA's Tailoring Rule. In addition, certain aspects of our operations may be subject to GHG monitoring and reporting requirements. If we are subject to EPA GHG regulations, we may face increased monitoring, reporting, and compliance costs.

We are already managing and reporting GHG emissions, to varying degrees, as required by law for our sites in locations subject to Kyoto Protocol obligations and/or EU emissions trading scheme requirements. Although these sites are subject to existing GHG legislation, few have experienced or anticipate significant cost increases as a result, although it is likely that GHG emission restrictions will increase over time. Potential consequences of such restrictions include capital requirements to modify assets used to meet GHG restriction and/or increases in energy costs above the level of general inflation, as well as direct compliance costs. Currently, however, it is not possible to estimate the likely financial impact of potential future regulation on any of our sites.

Finally, it should be noted that some scientists have concluded that increasing concentrations of greenhouse gases in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, and floods and other climatic events. If any of those effects were to occur, they could have an adverse effect on our assets and operations.

**Chemical Facility Anti-Terrorism Rulemaking**

The U.S. Department of Homeland Security ("DHS") issued the final rule of their "Chemical Facility Anti-Terrorism Standard" in 2007. The initial phase of the rule required all chemical facilities in the U.S. to evaluate their facilities against the DHS Appendix A list of "Chemicals of Interest." Facilities which have specified chemicals in threshold quantities on the Appendix A list were required to submit a "Top Screen" questionnaire to DHS in 2008. In early 2008, we submitted Top Screens for all of our covered facilities. After reviewing the Top Screens, DHS determined that four of our sites were "High Risk" facilities. As a result, we were required to perform security vulnerability assessments at the High Risk sites. The security vulnerability assessments were completed and sent to DHS during the fourth quarter of 2008. Based on their assessment of the security vulnerability assessments, we received notice from DHS that one of our sites was elevated to a high security risk tier. The DHS determined the other three sites to be lower security risk tiers. The three lower-tiered sites have submitted Site Security Plans ("SSPs") to the DHS. The SSPs are based on a list of 18 risk-based performance standards, but security improvements recommended from the SSPs are not anticipated to be material. The high tiered site also submitted an SSP to the DHS, and security upgrades as a result of DHS requirements are estimated to cost \$8 million to \$10 million to be spent during 2011 and 2012.

**MTBE Developments**

We produce MTBE, an oxygenate that is blended with gasoline to reduce vehicle air emissions and to enhance the octane rating of gasoline. Litigation or legislative initiatives restricting the use of MTBE in gasoline may subject us or our products to environmental liability or materially adversely affect our

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**15. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (Continued)**

sales and costs. Because MTBE has contaminated some water supplies, its use has become controversial in the U.S. and elsewhere, and its use has been effectively eliminated in the U.S. market. We currently market MTBE, either directly or through third parties, to gasoline additive customers located outside the U.S., although there are additional costs associated with such outside-U.S. sales which may result in decreased profitability compared to historical sales in the U.S. We may also elect to use all or a portion of our precursor tertiary butyl alcohol to produce saleable products other than MTBE. If we opt to produce products other than MTBE, necessary modifications to our facilities will require significant capital expenditures and the sale of such other products may produce a lower level of cash flow than that historically produced from the sale of MTBE.

Numerous companies, including refiners, manufacturers and sellers of gasoline, as well as manufacturers of MTBE, have been named as defendants in numerous cases in U.S. courts that allege MTBE contamination in groundwater. The plaintiffs in the MTBE groundwater contamination cases generally seek compensatory damages, punitive damages, injunctive relief, such as monitoring and abatement, and attorney fees. Between 2007 and 2009, we were named as a defendant in 18 of these lawsuits in New York state and federal courts, which we settled in an amount immaterial to us.

It is possible that we could be named as a defendant in existing or future MTBE contamination cases. We cannot provide assurances that adverse results against us in existing or future MTBE contamination cases will not have a material adverse effect on our business, results of operations and financial position.

**INDIA INVESTIGATION**

During the third quarter of 2010, we completed an internal investigation of the operations of Petro Araldite Pvt. Ltd. ("PAPL"), our majority owned joint venture in India. PAPL manufactures base liquid resins, base solid resins and formulated products in India. The investigation initially focused on allegations of illegal disposal of hazardous waste and waste water discharge and related reporting irregularities. Based upon preliminary findings, the investigation was expanded to include a review of the production and off-book sales of certain products and waste products. The investigation included the legality under Indian law and U.S. law, including the U.S. Foreign Corrupt Practices Act, of certain payments made by employees of the joint venture to government officials in India. Records at the facility covering nine months in 2009 and early 2010 show that less than \$11,000 in payments were made to officials for that period; in addition, payments in unknown amounts may have been made by individuals from the facility in previous years.

In May and September 2010, PAPL fully disclosed the environmental noncompliance issues to the local Indian environmental agency, the Tamil Nadu Pollution Control Board. All environmental compliance and reporting issues have been addressed to the agency's satisfaction other than the use of freshwater for the dilution of wastewater effluent discharges and the remediation of several off-site solid waste disposal areas. Also in May 2010, we voluntarily contacted the SEC and the DOJ to advise them of our investigation and that we intend to cooperate fully with each of them. We met with the SEC and the DOJ in early October to discuss this matter. Steps have been taken to halt all known illegal or improper activity. These steps included the termination of employment of management employees as appropriate.



**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****15. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (Continued)**

No conclusions can be drawn at this time as to whether any government agencies will open formal investigations of these matters or what remedies such agencies may seek. Governmental agencies could assess material civil and criminal penalties and fines against PAPL and potentially against us and could issue orders that adversely affect the operations of PAPL. We cannot, however, determine at this time the magnitude of the penalties and fines that could be assessed, the total costs to remediate the prior noncompliance or the effects of implementing any necessary corrective measures on the PAPL's operations.

**16. STOCK-BASED COMPENSATION PLANS**

Under the Huntsman Stock Incentive Plan (the "Stock Incentive Plan"), a plan approved by stockholders, we may grant non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock, phantom stock, performance awards and other stock-based awards to our employees, directors and consultants and to employees and consultants of our subsidiaries, provided that incentive stock options may be granted solely to employees. The terms of the grants are fixed at the grant date. We were authorized to grant up to 32.6 million shares under the Stock Incentive Plan. As of September 30, 2010, we had 12 million shares remaining under the Stock Incentive Plan available for grant. Option awards have a maximum contractual term of 10 years and generally must have an exercise price at least equal to the market price of our common stock on the date the option award is granted. Stock-based awards generally vest over a three-year period.

The compensation cost under the Stock Incentive Plan for our Company and Huntsman International was as follows (dollars in millions):

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2010	2009	2010	2009
Huntsman Corporation	\$ 8	\$ 5	\$ 20	\$ 14
Huntsman International	\$ 6	\$ 5	\$ 17	\$ 10

The total income tax benefit recognized in the statements of operations for us and Huntsman International for stock-based compensation arrangements was \$5 million and \$4 million for each of the nine months ended September 30, 2010 and 2009, respectively.

**STOCK OPTIONS**

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes valuation model that uses the assumptions noted in the following table. Expected volatilities are based on the historical volatility of our common stock through the grant date. The expected term of options granted was estimated based on the contractual term of the instruments and employees' expected exercise and post-vesting employment termination behavior. The risk-free rate for periods within the contractual life of the option was based on the U.S. Treasury yield curve in effect at the time

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16. STOCK-BASED COMPENSATION PLANS (Continued)

of grant. The assumptions noted below represent the weighted average of the assumptions utilized for stock options granted during the period.

	Three Months ended September 30,		Nine Months ended September 30,	
	2010	2009	2010	2009
Dividend yield	NA	5.2%	3.0%	15.4%
Expected volatility	NA	70.8%	69.0%	70.4%
Risk-free interest rate	NA	2.9%	3.1%	2.5%
Expected life of stock options granted during the period	NA	6.6 years	6.6 years	6.6 years

During the three months ended September 30, 2010, no stock options were granted.

A summary of stock option activity under the Stock Incentive Plan as of September 30, 2010 and changes during the nine months then ended is presented below:

<u>Option Awards</u>	<u>Shares</u> (in thousands)	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term</u> (years)	<u>Aggregate Intrinsic Value</u> (in millions)
Outstanding at January 1, 2010	11,677	\$ 11.30		
Granted	654	13.50		
Exercised	(863)	2.59		
Forfeited	(75)	21.27		
Outstanding at September 30, 2010	11,393	12.02	7.1	\$ 48
Exercisable at September 30, 2010	6,800	17.30	6.0	13

The weighted-average grant-date fair value of stock options granted during the nine months ended September 30, 2010 was \$6.97 per option. As of September 30, 2010, there was \$5 million of total unrecognized compensation cost related to nonvested stock option arrangements granted under the Stock Incentive Plan. That cost is expected to be recognized over a weighted-average period of approximately 1.5 years.

The total intrinsic value of stock options exercised during the nine months ended September 30, 2010 was \$9 million. During the nine months ended September 30, 2009, no stock options were exercised.

**NONVESTED SHARES**

Nonvested shares granted under the Stock Incentive Plan consist of restricted stock, which is accounted for as an equity award, and phantom stock, which is accounted for as a liability award

**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****16. STOCK-BASED COMPENSATION PLANS (Continued)**

because it can be settled in either stock or cash. A summary of the status of our nonvested shares as of September 30, 2010 and changes during the nine months then ended is presented below:

	Equity Awards		Liability Awards	
	Shares (in thousands)	Weighted Average Grant-Date Fair Value	Shares (in thousands)	Weighted Average Grant-Date Fair Value
Nonvested at January 1, 2010	3,428	\$ 5.20	1,880	\$ 3.61
Granted	1,015	12.96	472	13.50
Vested	(1,278)(1)	7.10	(656)	4.44
Forfeited	(23)	2.59	(22)	5.88
Nonvested at September 30, 2010	3,142	6.95	1,674	6.04

- (1) As of September 30, 2010, a total of 329,132 restricted stock units were vested, of which 65,733 vested during the nine months ended September 30, 2010. These shares have not been reflected as vested shares in this table because, in accordance with the restricted stock unit agreements, shares of common stock are not issued for vested restricted stock units until termination of employment.

As of September 30, 2010, there was \$27 million of total unrecognized compensation cost related to nonvested share compensation arrangements granted under the Stock Incentive Plan. That cost is expected to be recognized over a weighted-average period of approximately 1.6 years. The value of share awards that vested during the nine months ended September 30, 2010 and 2009 was \$18 million and \$11 million, respectively.

**17. CASUALTY LOSSES AND INSURANCE RECOVERIES****PORT ARTHUR, TEXAS PLANT FIRE**

On April 29, 2006, our former Port Arthur, Texas olefins manufacturing plant (which we sold to Flint Hills Resources in November 2007) experienced a major fire. The plant was covered by property damage and business interruption insurance through IRIC, and the Reinsurers. The property damage and business interruption insurance was subject to a combined deductible of \$60 million. We, together with IRIC, asserted claims to the Reinsurers related to losses occurring as a result of this fire. Our claims were the subject of litigation and an arbitration proceeding with certain of the Reinsurers.

Prior to December 31, 2009, we received payments on insurance claims with respect to the fire totaling \$365 million. On May 14, 2010, we entered into a settlement agreement with the Reinsurers (including those Reinsurers that did not participate in the arbitration proceeding). Pursuant to the settlement agreement, we received a final payment totaling \$110 million. Upon receipt of this payment, we agreed to the dismissal with prejudice of the legal and arbitration proceedings relating to our insurance claims.

As a result of this settlement, we recognized a pretax gain of \$110 million in discontinued operations during the second quarter of 2010, the proceeds of which were used to repay secured debt

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**17. CASUALTY LOSSES AND INSURANCE RECOVERIES (Continued)**

in accordance with relevant provisions of the agreements governing our Senior Credit Facilities. Of the \$110 million payment, \$34 million was reflected within the statement of cash flows as cash flows from investing activities and the remaining \$76 million was reflected as cash flows from operating activities.

**2005 U.S. GULF COAST STORMS**

On September 22, 2005, we sustained property damage at our Port Neches and Port Arthur, Texas facilities as a result of a hurricane. We maintain customary insurance coverage for property damage and business interruption. With respect to coverage of these losses, the deductible for property damage was \$10 million, while business interruption coverage did not apply for the first 60 days.

Through December 31, 2009 we received \$41 million in payments in connection with our insurance claim for property damage and business interruption losses from the 2005 Gulf Coast storms. On July 29, 2009, the reinsurers filed a declaratory judgment action seeking to compel arbitration between the parties or to declare that the Reinsurers owed nothing further from the storm damage. We filed a counterclaim seeking to declare that the reinsurers owed us the remaining amount of our claim. Subsequently, the parties participated in mediation on February 8-9, 2010 and resolved the remainder of our insurance claim for a total of \$7 million. The reinsurers paid that amount within 30 days following the execution of the proof of loss and settlement agreement and represents income from discontinued operations.

**18. (EXPENSES) INCOME ASSOCIATED WITH THE TERMINATED MERGER AND RELATED LITIGATION**

On July 12, 2007, we entered into an agreement and plan of merger with Hexion (the "Hexion Merger Agreement"). On June 18, 2008, Hexion, Apollo and certain of their affiliates filed an action in Delaware Chancery Court seeking to terminate the Hexion Merger. We countersued Hexion and Apollo in the Delaware Chancery Court and filed a separate action against Apollo and certain of its affiliates in the District Court of Montgomery County, Texas. On December 13, 2008, we terminated the Hexion Merger Agreement and, on December 14, 2008, we entered into the Apollo Settlement Agreement to settle the Terminated Merger-related litigation and certain other related matters. Pursuant to the Apollo Settlement Agreement, Hexion and certain Apollo affiliates have paid us an aggregate of \$1 billion.

On September 30, 2008, we filed suit in the 9th Judicial District Court in Montgomery County, Texas against the Banks that had entered into a commitment letter to provide funding for the Hexion Merger. On June 22, 2009, we entered into the Texas Bank Litigation Settlement Agreement with the Banks. The Texas Bank Litigation was dismissed with prejudice on June 23, 2009. In accordance with the Texas Bank Litigation Settlement Agreement, the Banks paid us a cash payment of \$632 million, purchased the \$600 million aggregate principal amount 5<sup>1</sup>/<sub>2</sub>% senior notes due 2016 (the "2016 Senior Notes") from Huntsman International, and provided Huntsman International with Term Loan C in the principal amount of \$500 million. The 2016 Senior Notes and Term Loan C borrowings were at favorable rates to us and were recorded at a combined fair value of \$864 million. Accordingly, we recognized a gain of \$868 million in connection with the Texas Bank Litigation Settlement Agreement.

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

**18. (EXPENSES) INCOME ASSOCIATED WITH THE TERMINATED MERGER AND RELATED LITIGATION (Continued)**

Expenses associated with the Terminated Merger and related litigation for the three and nine months ended September 30, 2010 were \$3 million and \$4 million, respectively, and were primarily comprised of \$3 million of bonuses paid to certain members of the Board of Directors, upon the recommendation of an independent committee of the Board of Directors, for their efforts in connection with the litigation with Hexion and Apollo following the Terminated Merger. During the three months ended September 30, 2009, we recorded \$2 million of legal fees related to the Texas Bank Litigation and, during the nine months ended September 30, 2009, we reported income of \$835 million related principally to the gain recognized in connection with the Texas Bank Litigation Settlement Agreement, offset in part by legal fees and employee retention bonuses.

**19. INCOME TAXES**

For the three months and nine months ended September 30, 2010 we have computed our provision for income taxes based on the actual effective tax rate for the year-to-date by applying the discrete method. The discrete method was used to calculate the income tax provision as the annual effective tax rate was not considered a reliable estimate of year-to-date income tax expense.

We use the asset and liability method of accounting for income taxes. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial and tax reporting purposes. We evaluate deferred tax assets to determine whether it is more likely than not that they will be realized. Valuation allowances are reviewed on a tax jurisdictional basis to analyze whether there is sufficient positive or negative evidence to support a change in judgment about the realizability of the related deferred tax assets for each jurisdiction. During the nine months ended September 30, 2010, we released a valuation allowance of \$14 million on our Australia net deferred tax assets, primarily as a result of discontinuing the operations of the styrenics business.

During the nine months ended September 30, 2010, we recorded a net decrease in unrecognized tax benefits with a corresponding income tax benefit of approximately \$6 million, resulting from the settlement of tax audits, the effective settlement of certain tax positions and the expiration of statutes of limitations net of current year additions.

**HUNTSMAN CORPORATION**

In addition to the tax benefits resulting from the valuation allowance release and the unrecognized tax benefit items discussed above, during the nine months ended September 30, 2010, we recognized \$17 million of tax benefit on the \$169 million of loss on early extinguishment of debt (the majority of the loss is not tax deductible for tax purposes). During the nine months ended September 30, 2009, we recorded discrete tax expense of \$309 million related to the \$835 million of income related to the Terminated Merger and related litigation and we recorded a valuation allowance of \$146 million against the net deferred tax assets in the U.K. Excluding these items, we recorded income tax expense of \$83 million and \$62 million for the nine months ended September 30, 2010 and 2009, respectively. Our tax obligations are affected by the mix of income and losses in the tax jurisdictions in which we operate.

**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****19. INCOME TAXES (Continued)****HUNTSMAN INTERNATIONAL**

In addition to the tax benefits resulting from the valuation allowance release and the unrecognized tax benefit items discussed above, during the nine months ended September 30, 2010, Huntsman International recognized \$9 million of tax benefit on the \$23 million of loss on early extinguishment of debt and during the nine months ended September 30, 2009, Huntsman International recorded a valuation allowance of \$156 million against the net deferred tax assets in the U.K. Excluding these items, Huntsman International recorded income tax expense of \$85 million and \$47 million, for the nine months ended September 30, 2010 and 2009, respectively. Our tax obligations are affected by the mix of income and losses in the tax jurisdictions in which we operate.

**20. DISCONTINUED OPERATIONS**

During the first quarter of 2010, we ceased operation of our former Australian styrenics business. The following results of operations of our former Australian styrenics business and other corporate assets held for sale have been presented as discontinued operations in the accompanying condensed consolidated statements of operations (unaudited) (dollars in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Revenues	\$ 8	\$ 34	\$ 43	\$ 67
Costs and expenses	(10)	(94)	(72)	(133)
Operating (loss) income	(2)	(60)	(29)	(66)
Income tax benefit	3	68	12	68
Income (loss) from discontinued operations, net of tax	\$ 1	\$ 8	\$ (17)	\$ 2

Beginning in the first quarter of 2010, the EBITDA of our former Australian styrenics business was included in discontinued operations for all periods presented.

In 2007, we completed the sale of our former U.S. base chemicals business (the "U.S. Base Chemicals Disposition") and our North American polymers business assets (the "North American Polymers Disposition"). The results of these former businesses are presented as discontinued operations in the accompanying condensed consolidated statements of operations (unaudited).

During the three and nine months ended September 30, 2010, we recorded after tax (loss) income from discontinued operations related to our former U.S. base chemicals and North American polymers businesses of \$(2) million and \$65 million, respectively, which consisted primarily of a \$110 million pretax gain recorded in connection with the final settlement of insurance claims related to the 2006 fire at our former Port Arthur, Texas plant and a pretax gain of \$7 million from the settlement of insurance claims related to the 2005 gulf coast storms, offset in part by income taxes and legal fees related to the arbitration of the fire insurance claim. See "Note 17. Casualty Losses and Insurance Recoveries." During the three and nine months ended September 30, 2009, we recorded an after tax loss from

**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

**20. DISCONTINUED OPERATIONS (Continued)**

discontinued operations of \$2 million each, related primarily to the revaluation of outstanding product exchange liabilities related to our former U.S. base chemicals business and legal fees related to the arbitration of the insurance claims on the 2006 fire at our former Port Arthur, Texas olefins manufacturing plant.

U.S. tax law provides for a tax return deduction on investments that are deemed "worthless" for U.S. tax purposes. In connection with the September 2009 announcement of the closure of our former Australian styrenics operations, we concluded that our investment in our Australian styrenics business was worthless for U.S. tax purposes. As a result, we recorded a net tax benefit of \$68 million related to the cumulative investments in our Australian styrenics business during the third quarter of 2009.

**21. NET INCOME (LOSS) PER SHARE**

Basic (loss) income per share excludes dilution and is computed by dividing net income (loss) attributable to Huntsman Corporation common stockholders by the weighted average number of shares outstanding during the period. Diluted income per share reflects potential dilution and is computed by dividing net income available to common stockholders by the weighted average number of shares outstanding during the period, increased by the number of additional shares that would have been outstanding if the potential dilutive units had been exercised or converted.

On December 23, 2008, we issued the Convertible Notes in an aggregate principal amount of \$250 million. Prior to their repurchase, the Convertible Notes were convertible into common stock at a conversion price of \$7.857 per share, subject to certain anti-dilution adjustments. On January 11, 2010, we repurchased the entire \$250 million principal amount of the Convertible Notes.

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

21. NET INCOME (LOSS) PER SHARE (Continued)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
<b>Numerator:</b>				
<b>Basic and diluted income (loss) from continuing operations:</b>				
Income (loss) from continuing operations attributable to				
Huntsman Corporation	\$ 56	\$ (74)	\$ (51)	\$ 48
Convertible notes interest expense, net of tax	—	—	—	—
Income (loss) from continuing operations attributable to				
Huntsman Corporation—diluted	56	(74)	(51)	48
<b>Basic and diluted net income (loss):</b>				
Net income (loss) attributable to Huntsman Corporation—basic				
	55	(68)	(3)	48
Convertible notes interest expense, net of tax				
	—	—	—	—
Net income (loss) attributable to Huntsman Corporation—				
diluted	\$ 55	\$ (68)	\$ (3)	\$ 48
<b>Shares (denominator):</b>				
Weighted average shares outstanding				
	236.4	234.0	235.9	233.9
Dilutive securities:				
Stock-based awards				
	4.6	—	—	4.2
Convertible notes conversion				
	—	—	—	—
Total dilutive shares outstanding				
	241.0	234.0	235.9	238.1

Additional stock-based awards of 6.9 million and 6.4 million weighted average equivalent shares of stock were outstanding during the three months ended September 30, 2010 and 2009, respectively, and additional stock-based awards of 7.1 million and 6.5 million weighted average equivalent shares of stock were outstanding during the nine months ended September 30, 2010 and 2009. The Convertible Notes would have had a weighted average effect of 1.2 million shares of common stock for the nine months ended September 30, 2010 and interest expense, net of tax, of \$1 million would have been included as an adjustment to the numerator of the diluted loss per share calculation for the nine months ended September 30, 2010. However, these stock-based awards and the potential effect of assumed conversion of the Convertible Notes were not included in the computation of diluted earnings per share because the effect would be anti-dilutive.

22. OPERATING SEGMENT INFORMATION

We derive our revenues, earnings and cash flows from the manufacture and sale of a wide variety of differentiated and commodity chemical products. We have reported our operations through five segments: Polyurethanes, Performance Products, Advanced Materials, Textile Effects and Pigments. We have organized our business and derived our operating segments around differences in product lines.



**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****22. OPERATING SEGMENT INFORMATION (Continued)**

During the first quarter of 2010, we began reporting our LIFO inventory valuation reserves as part of Corporate and other; these reserves were previously reported in our Performance Products segment. Also during the first quarter of 2010, we began reporting the EBITDA of our former Australian styrenics business in discontinued operations, which was previously included in Corporate and other. All segment information for prior periods has been restated to reflect this change.

During the third quarter of 2010, we began reporting the amounts outstanding under our accounts receivable securitization programs as part of our Polyurethanes, Performance Products, Advanced Materials, Textile Effects and Pigments segments. These amounts were previously reported in our Corporate and other segment. In addition, we eliminated intercompany balances from the assets of each reportable segment. All segment information for prior periods has been restated to reflect these changes.

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

<u>Segment</u>	<u>Products</u>
Polyurethanes	MDI, PO, polyols, PG, TPU, aniline and MTBE
Performance Products	amines, surfactants, LAB, maleic anhydride, other performance chemicals, EG, olefins and technology licenses
Advanced Materials	epoxy resin compounds and formulations; cross-linking, matting and curing agents; epoxy, acrylic and polyurethane-based adhesives and tooling resin formulations
Textile Effects	textile chemicals and dyes
Pigments	titanium dioxide

Sales between segments are generally recognized at external market prices and are eliminated in consolidation. We use EBITDA to measure the financial performance of our global business units and for reporting the results of our operating segments. This measure includes all operating items relating to the businesses. The EBITDA of operating segments excludes items that principally apply to our

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

22. OPERATING SEGMENT INFORMATION (Continued)

Company as a whole. The revenues and EBITDA for each of our reportable operating segments are as follows (dollars in millions):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
<b>Net Sales:</b>				
Polyurethanes	\$ 960	\$ 869	\$ 2,659	\$ 2,164
Performance Products	678	540	1,963	1,522
Advanced Materials	318	273	929	785
Textile Effects	190	173	598	504
Pigments	327	262	883	712
Eliminations	(72)	(42)	(194)	(86)
Total	\$ 2,401	\$ 2,075	\$ 6,838	\$ 5,601
<b>Huntsman Corporation:</b>				
<b>Segment EBITDA(1):</b>				
Polyurethanes	\$ 102	\$ 137	\$ 224	\$ 249
Performance Products	99	84	275	178
Advanced Materials	42	29	127	38
Textile Effects	7	(25)	—	(56)
Pigments	64	4	139	(51)
Corporate and other(2)	(54)	(58)	(308)	722
Subtotal	260	171	457	1,080
Discontinued Operations(3)	(3)	(64)	76	(69)
Total	257	107	533	1,011
Interest expense, net	(64)	(65)	(168)	(178)
Income tax expense—continuing operations	(41)	(68)	(46)	(517)
Income tax (expense) benefit—discontinued operations	2	70	(27)	70
Depreciation and amortization	(99)	(112)	(295)	(338)
Net income (loss) attributable to Huntsman Corporation	\$ 55	\$ (68)	\$ (3)	\$ 48
<b>Huntsman International:</b>				
<b>Segment EBITDA(1):</b>				
Polyurethanes	\$ 102	\$ 137	\$ 224	\$ 249
Performance Products	99	84	275	178
Advanced Materials	42	29	127	38
Textile Effects	7	(25)	—	(56)
Pigments	64	4	139	(51)
Corporate and other(2)	(51)	(56)	(148)	(109)
Subtotal	263	173	617	249
Discontinued Operations(3)	(3)	(64)	76	(69)
Total	260	109	693	180
Interest expense, net	(69)	(64)	(182)	(177)
Income tax expense—continuing operations	(40)	(49)	(56)	(203)
Income tax (expense) benefit—discontinued operations	2	70	(27)	70
Depreciation and amortization	(95)	(107)	(279)	(321)
Net income (loss) attributable to Huntsman International LLC	\$ 58	\$ (41)	\$ 149	\$ (451)

**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

**22. OPERATING SEGMENT INFORMATION (Continued)**

	<u>September 30, 2010</u>	<u>December 31, 2009</u>
<b>Huntsman Corporation:</b>		
<b>Total Assets(4):</b>		
Polyurethanes	\$ 3,142	\$ 3,039
Performance Products	1,984	1,629
Advanced Materials	1,146	976
Textile Effects	817	689
Pigments	1,322	1,287
Corporate and other(2)	455	1,006
<b>Total</b>	<b>\$ 8,866</b>	<b>\$ 8,626</b>

	<u>September 30, 2010</u>	<u>December 31, 2009</u>
<b>Huntsman International LLC</b>		
<b>Total Assets(4):</b>		
Polyurethanes	\$ 3,068	\$ 2,956
Performance Products	1,974	1,617
Advanced Materials	1,146	976
Textile Effects	817	689
Pigments	1,266	1,224
Corporate and other(2)	128	231
<b>Total</b>	<b>\$ 8,399</b>	<b>\$ 7,693</b>

- (1) Segment EBITDA is defined as net income (loss) attributable to Huntsman Corporation or Huntsman International LLC, as appropriate, before interest, income tax, depreciation and amortization, and certain Corporate and other items.
- (2) Corporate and other includes unallocated corporate overhead, unallocated foreign exchange gains and losses, LIFO inventory valuation reserve adjustments, loss on early extinguishment of debt, income (expenses) associated with the Terminated Merger and related litigation (Huntsman Corporation only), net income (loss) attributable to noncontrolling interests, unallocated restructuring, impairment and plant closing costs, step accounting impacts (Huntsman Corporation only) and non-operating income and expense.
- (3) The operating results of our former polymers, base chemicals and Australian styrenics businesses are classified as discontinued operations, and, accordingly, the revenues of these businesses are excluded for all periods presented. The EBITDA of our former polymers, base chemicals and Australian styrenics businesses are included in discontinued operations for all periods presented. For more information, see "Note 20. Discontinued Operations."
- (4) During the third quarter of 2010, we began reporting the amounts outstanding under the A/R Programs as part of our Polyurethanes, Performance Products, Advanced Materials, Textile Effects and Pigments segments. These amounts were previously reported in our Corporate and other segment. In addition, we eliminated intercompany balances from the assets of each reportable segment. All relevant information for prior periods has been reclassified to reflect these changes.

**HUNTSMAN CORPORATION AND SUBSIDIARIES**

**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)**

**23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC (UNAUDITED)**

The following condensed consolidating financial information (unaudited) of Huntsman International presents, in separate columns, financial information for the following: Huntsman International (on a parent only basis), with its investment in subsidiaries recorded under the equity method; the Subsidiary Guarantors of Huntsman International's debt on a combined, and where appropriate, consolidated basis; and non-guarantor subsidiaries on a combined, and where appropriate, consolidated basis. Additional columns present eliminating adjustments and consolidated totals as of September 30, 2010 and December 31, 2009 and for the three and nine months ended September 30, 2010 and 2009. There are no contractual restrictions limiting transfers of cash from the Subsidiary Guarantors to Huntsman International. Each Subsidiary Guarantor is 100% owned by Huntsman International and has fully and unconditionally guaranteed Huntsman International's debt on a joint and several basis.

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC (UNAUDITED) (Continued)

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES  
CONDENSED CONSOLIDATING BALANCE SHEETS (UNAUDITED)  
AS OF SEPTEMBER 30, 2010  
(Dollars in Millions)

	Parent Company	Guarantors	Non-guarantors	Eliminations	Consolidated Huntsman International LLC
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 319	\$ 9	\$ 275	\$ —	\$ 603
Restricted cash	—	—	8	—	8
Accounts and notes receivable, net	20	130	1,461	—	1,611
Accounts receivable from affiliates	1,233	2,544	73	(3,776)	74
Inventories	77	202	1,107	(11)	1,375
Prepaid expenses	9	30	38	(20)	57
Deferred income taxes	10	—	29	(5)	34
Other current assets	173	1	111	(149)	136
<b>Total current assets</b>	<b>1,841</b>	<b>2,916</b>	<b>3,102</b>	<b>(3,961)</b>	<b>3,898</b>
Property, plant and equipment, net	414	877	2,159	2	3,452
Investment in unconsolidated affiliates	4,726	1,403	131	(6,026)	234
Intangible assets, net	67	3	44	—	114
Goodwill	(18)	84	32	(4)	94
Deferred income taxes	249	—	128	(249)	128
Notes receivable from affiliates	49	950	7	(999)	7
Other noncurrent assets	67	182	223	—	472
<b>Total assets</b>	<b>\$ 7,395</b>	<b>\$ 6,415</b>	<b>\$ 5,826</b>	<b>\$ (11,237)</b>	<b>\$ 8,399</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities:</b>					
Accounts payable	\$ 26	\$ 189	\$ 601	\$ —	\$ 816
Accounts payable to affiliates	1,916	817	1,078	(3,775)	36
Accrued liabilities	91	230	482	(170)	633
Deferred income taxes	—	7	2	(7)	2
Note payable to affiliate	100	—	—	—	100
Current portion of debt	183	—	201	—	384
<b>Total current liabilities</b>	<b>2,316</b>	<b>1,243</b>	<b>2,364</b>	<b>(3,952)</b>	<b>1,971</b>
Long-term debt	3,415	12	526	—	3,953
Notes payable to affiliates	435	—	1,003	(999)	439
Deferred income taxes	11	172	72	(135)	120
Other noncurrent liabilities	180	138	501	—	819
<b>Total liabilities</b>	<b>6,357</b>	<b>1,565</b>	<b>4,466</b>	<b>(5,086)</b>	<b>7,302</b>
<b>Equity</b>					
<b>Huntsman International LLC members' equity:</b>					
Members' equity	3,042	4,427	2,209	(6,636)	3,042
Subsidiary preferred stock	—	—	1	(1)	—
(Accumulated deficit) retained earnings	(1,698)	176	(584)	408	(1,698)
Accumulated other comprehensive (loss) income	(306)	247	(285)	38	(306)
<b>Total Huntsman International LLC members' equity</b>	<b>1,038</b>	<b>4,850</b>	<b>1,341</b>	<b>(6,191)</b>	<b>1,038</b>
Noncontrolling interests in subsidiaries	—	—	19	40	59
<b>Total equity</b>	<b>1,038</b>	<b>4,850</b>	<b>1,360</b>	<b>(6,151)</b>	<b>1,097</b>
<b>Total liabilities and equity</b>	<b>\$ 7,395</b>	<b>\$ 6,415</b>	<b>\$ 5,826</b>	<b>\$ (11,237)</b>	<b>\$ 8,399</b>

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC (UNAUDITED) (Continued)

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES  
CONDENSED CONSOLIDATING BALANCE SHEETS (UNAUDITED)  
AS OF DECEMBER 31, 2009  
(Dollars in Millions)

	Parent Company	Guarantors	Non-guarantors	Eliminations	Consolidated Huntsman International LLC
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 688	\$ 24	\$ 207	\$ —	\$ 919
Restricted cash	—	—	5	—	5
Accounts and notes receivable, net	17	85	916	—	1,018
Accounts receivable from affiliates	1,040	2,178	83	(3,269)	32
Inventories	78	205	908	(7)	1,184
Prepaid expenses	11	27	21	(17)	42
Deferred income taxes	10	—	28	(5)	33
Other current assets	120	1	100	(112)	109
<b>Total current assets</b>	<b>1,964</b>	<b>2,520</b>	<b>2,268</b>	<b>(3,410)</b>	<b>3,342</b>
Property, plant and equipment, net	439	913	2,003	2	3,357
Investment in affiliates	4,314	1,139	106	(5,309)	250
Intangible assets, net	82	3	44	—	129
Goodwill	(19)	84	33	(4)	94
Deferred income taxes	236	—	118	(196)	158
Notes receivable from affiliates	63	988	8	(1,051)	8
Other noncurrent assets	40	129	186	—	355
<b>Total assets</b>	<b>\$ 7,119</b>	<b>\$ 5,776</b>	<b>\$ 4,766</b>	<b>\$ (9,968)</b>	<b>\$ 7,693</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities:</b>					
Accounts payable	\$ 36	\$ 177	\$ 502	\$ —	\$ 715
Accounts payable to affiliates	1,702	744	863	(3,268)	41
Accrued liabilities	86	210	447	(130)	613
Deferred income taxes	—	7	2	(7)	2
Note payable to affiliate	25	—	—	—	25
Current portion of debt	39	—	156	—	195
<b>Total current liabilities</b>	<b>1,888</b>	<b>1,138</b>	<b>1,970</b>	<b>(3,405)</b>	<b>1,591</b>
Long-term debt	3,675	12	94	—	3,781
Notes payable to affiliates	525	—	1,056	(1,051)	530
Deferred income taxes	11	82	68	(82)	79
Other noncurrent liabilities	194	144	527	—	865
<b>Total liabilities</b>	<b>6,293</b>	<b>1,376</b>	<b>3,715</b>	<b>(4,538)</b>	<b>6,846</b>
<b>Equity</b>					
<b>Huntsman International LLC members' equity:</b>					
Members' equity	3,021	4,464	1,986	(6,450)	3,021
Subsidiary preferred stock	—	—	1	(1)	—
Accumulated deficit	(1,847)	(125)	(636)	761	(1,847)
Accumulated other comprehensive (loss) income	(348)	61	(315)	254	(348)
<b>Total Huntsman International LLC members' equity</b>	<b>826</b>	<b>4,400</b>	<b>1,036</b>	<b>(5,436)</b>	<b>826</b>
Noncontrolling interests in subsidiaries	—	—	15	6	21
<b>Total equity</b>	<b>826</b>	<b>4,400</b>	<b>1,051</b>	<b>(5,430)</b>	<b>847</b>
<b>Total liabilities and equity</b>	<b>\$ 7,119</b>	<b>\$ 5,776</b>	<b>\$ 4,766</b>	<b>\$ (9,968)</b>	<b>\$ 7,693</b>

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC (UNAUDITED) (Continued)

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES  
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (UNAUDITED)  
THREE MONTHS ENDED SEPTEMBER 30, 2010  
(Dollars in Millions)

	Parent Company	Guarantors	Non-guarantors	Eliminations	Consolidated Huntsman International LLC
<b>Revenues:</b>					
Trade sales, services and fees, net	\$ 209	\$ 701	\$ 1,450	\$ —	\$ 2,360
Related party sales	69	122	237	(387)	41
<b>Total revenues</b>	<b>278</b>	<b>823</b>	<b>1,687</b>	<b>(387)</b>	<b>2,401</b>
<b>Cost of goods sold</b>	<b>228</b>	<b>687</b>	<b>1,452</b>	<b>(386)</b>	<b>1,981</b>
<b>Gross profit</b>	<b>50</b>	<b>136</b>	<b>235</b>	<b>(1)</b>	<b>420</b>
Selling, general and administrative	56	22	124	—	202
Research and development	12	8	19	—	39
Other operating (income) expense	(10)	(32)	45	—	3
Restructuring, impairment and plant closing costs	1	—	3	—	4
<b>Operating (loss) income</b>	<b>(9)</b>	<b>138</b>	<b>44</b>	<b>(1)</b>	<b>172</b>
Interest (expense) income, net	(59)	10	(20)	—	(69)
Equity in income of investment in affiliates and subsidiaries	108	16	6	(127)	3
Loss on early extinguishment of debt	(7)	—	—	—	(7)
Other income	1	—	1	(1)	1
<b>Income from continuing operations before income taxes</b>	<b>34</b>	<b>164</b>	<b>31</b>	<b>(129)</b>	<b>100</b>
Income tax benefit (expense)	22	(53)	(9)	—	(40)
<b>Income from continuing operations</b>	<b>56</b>	<b>111</b>	<b>22</b>	<b>(129)</b>	<b>60</b>
Income (loss) from discontinued operations, net of tax	2	—	(3)	—	(1)
<b>Net income</b>	<b>58</b>	<b>111</b>	<b>19</b>	<b>(129)</b>	<b>59</b>
Net income attributable to noncontrolling interests	—	(1)	(2)	2	(1)
<b>Net income attributable to Huntsman International LLC</b>	<b>\$ 58</b>	<b>\$ 110</b>	<b>\$ 17</b>	<b>\$ (127)</b>	<b>\$ 58</b>

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC (UNAUDITED) (Continued)

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES  
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (UNAUDITED)  
THREE MONTHS ENDED SEPTEMBER 30, 2009  
(Dollars in Millions)

	Parent Company	Guarantors	Non-guarantors	Eliminations	Consolidated Huntsman International LLC
<b>Revenues:</b>					
Trade sales, services and fees, net	\$ 181	\$ 575	\$ 1,282	\$ —	\$ 2,038
Related party sales	52	100	188	(303)	37
<b>Total revenues</b>	<b>233</b>	<b>675</b>	<b>1,470</b>	<b>(303)</b>	<b>2,075</b>
<b>Cost of goods sold</b>	<b>167</b>	<b>537</b>	<b>1,330</b>	<b>(306)</b>	<b>1,728</b>
<b>Gross profit</b>	<b>66</b>	<b>138</b>	<b>140</b>	<b>3</b>	<b>347</b>
Selling, general and administrative	27	30	157	—	214
Research and development	12	8	16	—	36
Other operating expense (income)	8	(18)	10	—	—
Restructuring, impairment and plant closing costs	1	—	6	—	7
<b>Operating income (loss)</b>	<b>18</b>	<b>118</b>	<b>(49)</b>	<b>3</b>	<b>90</b>
Interest (expense) income, net	(57)	9	(16)	—	(64)
Loss on accounts receivable securitization program	(1)	—	(2)	—	(3)
Equity in income (loss) of investment in affiliates and subsidiaries	25	(207)	2	179	(1)
Loss on early extinguishment of debt	(21)	—	—	—	(21)
Other (expense) income	—	—	1	—	1
<b>(Loss) income from continuing operations</b>					
<b>before income taxes</b>	<b>(36)</b>	<b>(80)</b>	<b>(64)</b>	<b>182</b>	<b>2</b>
Income tax (expense) benefit	(4)	23	(68)	—	(49)
<b>Loss from continuing operations</b>	<b>(40)</b>	<b>(57)</b>	<b>(132)</b>	<b>182</b>	<b>(47)</b>
(Loss) income from discontinued operations, net of tax	(1)	(2)	9	—	6
<b>Net loss</b>	<b>(41)</b>	<b>(59)</b>	<b>(123)</b>	<b>182</b>	<b>(41)</b>
Net loss attributable to noncontrolling interests	—	—	—	—	—
<b>Net loss attributable to Huntsman International LLC</b>	<b>\$ (41)</b>	<b>\$ (59)</b>	<b>\$ (123)</b>	<b>\$ 182</b>	<b>\$ (41)</b>



HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC (UNAUDITED) (Continued)

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES  
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (UNAUDITED)  
NINE MONTHS ENDED SEPTEMBER 30, 2010  
(Dollars in Millions)

	Parent Company	Guarantors	Non-guarantors	Eliminations	Consolidated Huntsman International LLC
<b>Revenues:</b>					
Trade sales, services and fees, net	\$ 599	\$ 1,858	\$ 4,232	\$ —	\$ 6,689
Related party sales	194	370	734	(1,149)	149
<b>Total revenues</b>	<b>793</b>	<b>2,228</b>	<b>4,966</b>	<b>(1,149)</b>	<b>6,838</b>
<b>Cost of goods sold</b>	<b>659</b>	<b>1,924</b>	<b>4,298</b>	<b>(1,137)</b>	<b>5,744</b>
<b>Gross profit</b>	<b>134</b>	<b>304</b>	<b>668</b>	<b>(12)</b>	<b>1,094</b>
Selling, general and administrative	126	66	433	—	625
Research and development	36	22	53	—	111
Other operating (income) expense	(37)	1	28	—	(8)
Restructuring, impairment and plant closing costs	3	—	21	—	24
<b>Operating income</b>	<b>6</b>	<b>215</b>	<b>133</b>	<b>(12)</b>	<b>342</b>
Interest (expense) income, net	(156)	28	(54)	—	(182)
Equity in income of investment in affiliates and subsidiaries	283	65	25	(353)	20
Loss on early extinguishment of debt	(23)	—	—	—	(23)
Other (expense) income	(9)	—	3	9	3
<b>Income from continuing operations before income taxes</b>	<b>101</b>	<b>308</b>	<b>107</b>	<b>(356)</b>	<b>160</b>
Income tax benefit (expense)	57	(88)	(25)	—	(56)
<b>Income from continuing operations</b>	<b>158</b>	<b>220</b>	<b>82</b>	<b>(356)</b>	<b>104</b>
(Loss) income from discontinued operations, net of tax	(9)	68	(11)	—	48
<b>Net income</b>	<b>149</b>	<b>288</b>	<b>71</b>	<b>(356)</b>	<b>152</b>
Net income attributable to noncontrolling interests	—	(2)	(4)	3	(3)
<b>Net income attributable to Huntsman International LLC</b>	<b>\$ 149</b>	<b>\$ 286</b>	<b>\$ 67</b>	<b>\$ (353)</b>	<b>\$ 149</b>

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC (UNAUDITED) (Continued)

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES  
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (UNAUDITED)  
NINE MONTHS ENDED SEPTEMBER 30, 2009  
(Dollars in Millions)

	Parent Company	Guarantors	Non-guarantors	Eliminations	Consolidated Huntsman International LLC
<b>Revenues:</b>					
Trade sales, services and fees, net	\$ 473	\$ 1,553	\$ 3,507	\$ —	\$ 5,533
Related party sales	132	263	455	(782)	68
<b>Total revenues</b>	<b>605</b>	<b>1,816</b>	<b>3,962</b>	<b>(782)</b>	<b>5,601</b>
<b>Cost of goods sold</b>	<b>499</b>	<b>1,450</b>	<b>3,679</b>	<b>(764)</b>	<b>4,864</b>
<b>Gross profit</b>	<b>106</b>	<b>366</b>	<b>283</b>	<b>(18)</b>	<b>737</b>
Selling, general and administrative	83	95	420	—	598
Research and development	37	23	48	—	108
Other operating (income) expense	(19)	(33)	43	—	(9)
Restructuring, impairment and plant closing costs	7	2	74	—	83
<b>Operating (loss) income</b>	<b>(2)</b>	<b>279</b>	<b>(302)</b>	<b>(18)</b>	<b>(43)</b>
Interest (expense) income, net	(155)	29	(51)	—	(177)
Loss on accounts receivable securitization program	(4)	(3)	(6)	—	(13)
Equity in (loss) income of investment in affiliates and subsidiaries	(289)	(555)	5	840	1
Loss on early extinguishment of debt	(21)	—	—	—	(21)
Other expense (income)	(21)	—	1	21	1
<b>Loss from continuing operations before income taxes</b>	<b>(492)</b>	<b>(250)</b>	<b>(353)</b>	<b>843</b>	<b>(252)</b>
Income tax benefit (expense)	42	(38)	(207)	—	(203)
<b>Loss from continuing operations</b>	<b>(450)</b>	<b>(288)</b>	<b>(560)</b>	<b>843</b>	<b>(455)</b>
(Loss) income from discontinued operations, net of tax	(1)	(3)	4	—	—
<b>Net loss</b>	<b>(451)</b>	<b>(291)</b>	<b>(556)</b>	<b>843</b>	<b>(455)</b>
Net loss attributable to noncontrolling interests	—	—	4	—	4
<b>Net loss attributable to Huntsman International LLC</b>	<b>\$ (451)</b>	<b>\$ (291)</b>	<b>\$ (552)</b>	<b>\$ 843</b>	<b>\$ (451)</b>

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC (UNAUDITED) (Continued)

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES  
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (UNAUDITED)  
NINE MONTHS ENDED SEPTEMBER 30, 2010  
(Dollars in Millions)

	Parent Company	Guarantors	Non-guarantors	Eliminations	Consolidated Huntsman International LLC
<b>Net cash (used in) provided by operating activities</b>	\$ (311)	\$ (7)	\$ (5)	\$ (2)	\$ (325)
<b>Investing activities:</b>					
Capital expenditures	(13)	(34)	(85)	—	(132)
Proceeds from insurance settlement as reimbursement of capital expenditures	—	34	—	—	34
Cash assumed in connection with the initial consolidation of a VIE	—	—	11	—	11
Investment in unconsolidated affiliates, net of cash received	—	3	(2)	—	1
Investment in affiliate	(106)	(6)	—	112	—
Change in restricted cash	—	—	1	—	1
Increase in receivable from affiliate	(42)	—	—	—	(42)
<b>Net cash used in investing activities</b>	<b>(161)</b>	<b>(3)</b>	<b>(75)</b>	<b>112</b>	<b>(127)</b>
<b>Financing activities:</b>					
Net repayments under revolving loan facilities	—	—	(7)	—	(7)
Revolving loan facility from A/R Programs	254	—	—	—	254
Net borrowings on overdraft facilities	—	—	6	—	6
Repayments of short-term debt	—	—	(153)	—	(153)
Borrowings on short-term debt	—	—	188	—	188
Repayments of long-term debt	(806)	—	(31)	—	(837)
Proceeds from issuance of long-term debt	700	—	25	—	725
Repayments of note payable to affiliate	(125)	—	—	—	(125)
Proceeds from notes payable to affiliate	110	—	—	—	110
Intercompany repayments	—	—	(5)	5	—
Repayments of notes payable	(29)	—	(7)	—	(36)
Borrowings on notes payable	33	—	5	—	38
Debt issuance costs paid	(25)	—	—	—	(25)
Call premiums paid related to early extinguishment of debt	(13)	—	—	—	(13)
Contribution from parent	—	(4)	120	(116)	—
Excess tax benefit related to stock-based compensation	4	—	—	—	4
Other, net	—	(1)	—	1	—
<b>Net cash (used in) provided by financing activities</b>	<b>103</b>	<b>(5)</b>	<b>141</b>	<b>(110)</b>	<b>129</b>
Effect of exchange rate changes on cash	—	—	7	—	7
Decrease in cash and cash equivalents	(369)	(15)	68	—	(316)
Cash and cash equivalents at beginning of period	688	24	207	—	919
Cash and cash equivalents at end of period	\$ 319	\$ 9	\$ 275	\$ —	\$ 603



HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

23. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC (UNAUDITED) (Continued)

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES  
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (UNAUDITED)  
NINE MONTHS ENDED SEPTEMBER 30, 2009  
(Dollars in Millions)

	Parent Company	Guarantors	Non-guarantors	Eliminations	Consolidated Huntsman International LLC
<b>Net cash provided by operating activities</b>	\$ 152	\$ 114	\$ (39)	\$ —	\$ 227
<b>Investing activities:</b>					
Capital expenditures	(5)	(57)	(78)	—	(140)
Proceeds from sale of businesses/assets, net of adjustments	—	2	3	—	5
Acquisition of business	—	—	(31)	—	(31)
Decrease in receivable from affiliate	8	—	—	—	8
Investment in affiliate, net of cash received	(220)	(70)	19	271	—
Other, net	—	4	(2)	—	2
<b>Net cash used in investing activities</b>	<b>(217)</b>	<b>(121)</b>	<b>(89)</b>	<b>271</b>	<b>(156)</b>
<b>Financing activities:</b>					
Net repayments under revolving loan facilities	—	—	(10)	—	(10)
Net repayments on overdraft facilities	—	—	(14)	—	(14)
Repayments of short-term debt	—	—	(120)	—	(120)
Borrowings from short-term debt	—	—	95	—	95
Repayments of long-term debt	(510)	—	(18)	—	(528)
Proceeds from issuance of long-term debt	864	—	10	—	874
Repayments of note payable to affiliate	(403)	—	—	—	(403)
Proceeds from note payable to affiliate	529	—	—	—	529
Intercompany borrowings	—	—	(50)	50	—
Repayments of notes payable	(33)	—	(19)	—	(52)
Borrowings on notes payable	42	—	18	—	60
Call premiums paid related to early extinguishment of debt	(14)	—	—	—	(14)
Debt issuance cost paid	(5)	—	—	—	(5)
Contribution from parent	236	6	315	(321)	236
Dividends paid to parent	(23)	—	—	—	(23)
Other, net	—	—	(1)	—	(1)
<b>Net cash provided by financing activities</b>	<b>683</b>	<b>6</b>	<b>206</b>	<b>(271)</b>	<b>624</b>
Effect of exchange rate changes on cash	—	—	6	—	6
<b>Increase (decrease) in cash and cash equivalents</b>	<b>618</b>	<b>(1)</b>	<b>84</b>	<b>—</b>	<b>701</b>
Cash and cash equivalents at beginning of period	—	3	84	—	87
<b>Cash and cash equivalents at end of period</b>	<b>\$ 618</b>	<b>\$ 2</b>	<b>\$ 168</b>	<b>\$ —</b>	<b>\$ 788</b>

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

### **FORWARD-LOOKING STATEMENTS**

With respect to Huntsman Corporation, certain information set forth in this report contains "forward-looking statements" within the meaning of the federal securities laws. Huntsman International is a limited liability company, and, pursuant to Section 21E(b)(2)(E) of the Securities Exchange Act of 1934, as amended, the safe-harbor for certain forward-looking statements is inapplicable to it.

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 and other information that is not historical information. In some cases, forward-looking statements can be identified by terminology such as "believes," "expects," "may," "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 current expectations and are subject to various assumptions. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them, but there can be no assurance that management's expectations, beliefs and projections will result or be achieved. All forward-looking statements apply only as of the date made. We undertake no obligation to publicly update or revise forward-looking statements which may be made to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in or contemplated by this report. Any forward-looking statements should be considered in light of the risks referenced in "Part I. Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2009.

### **OVERVIEW**

#### **Business**

We are a global manufacturer of differentiated organic chemical products and of inorganic chemical products. Our products comprise a broad range of chemicals and formulations, which we market globally to a diversified group of consumer and industrial customers. Our products are used in a wide range of applications, including those in the adhesives, aerospace, automotive, construction products, 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, maleic anhydride, epoxy-based polymer formulations, textile chemicals, dyes and titanium dioxide. We had revenues for the nine months ended September 30, 2010 and 2009 of \$6,838 million and \$5,601 million, respectively.

We operate in five segments: Polyurethanes, Performance Products, Advanced Materials, Textile Effects and Pigments. Our Polyurethanes, Performance Products, Advanced Materials and Textile Effects segments produce differentiated organic chemical products and our Pigments segment produces inorganic chemical products. We ceased our Australian styrenics operations during the first quarter of 2010 and report the results of that business as discontinued operations. See "Note 20. Discontinued Operations" to our condensed consolidated financial statements (unaudited).

## RECENT DEVELOPMENTS

### 2021 Subordinated Notes

On September 24, 2010, Huntsman International completed a \$350 million offering of 2021 Subordinated Notes. We used the net proceeds of \$343 million to redeem a portion of our euro-denominated senior subordinated notes due 2013 (€132 million (approximately \$177 million)) and a portion of U.S. dollar senior subordinated notes due 2014 (\$159 million of which settled on October 12, 2010). See "Note 8. Debt—Transactions Affecting our Debt—Redemption of Notes." As of September 30, 2010, \$159 million of these notes were classified as Current portion of long term debt on the accompanying condensed consolidated balance sheets (unaudited).

On October 28, 2010, the Company announced that it had priced an issuance of an additional \$180 million principal amount of 2021 Subordinated Notes through Huntsman International. The closing of the offering is expected to occur on November 12, 2010, subject to satisfaction of customary closing conditions. The Company intends to use approximately all of the net proceeds to redeem the remaining \$188 million aggregate principal amount of its outstanding 7.875% senior subordinated notes due 2014, including the payment of accrued interest.

### Note Redemptions

On October 12, 2010, Huntsman International repaid \$159 million of its 7.875% senior subordinated notes due 2014. The amount paid to redeem the notes, excluding accrued interest, was \$165 million, which included principal of \$159 million and premium of \$6 million. During the fourth quarter of 2010, we expect to recognize a loss on early extinguishment of debt of approximately \$7 million related to the partial redemption of these notes.

On September 27, 2010, Huntsman International repaid €132 million (approximately \$177 million) of its 6.875% senior subordinated notes due 2013. The amount paid to redeem the notes, excluding accrued interest, was €137 million (approximately \$183 million), which included principal of €132 million (approximately \$177 million) and premium of €5 million (approximately \$6 million). As of September 30, 2010, the 6.875% senior subordinated notes due 2013 have a remaining balance of €84 million (approximately \$113 million).

For more information, see "Note 8. Debt—Transactions Affecting Our Debt—Redemption of Notes" to our condensed consolidated financial statements (unaudited).

### Appointment of Director

On August 4, 2010, our Board of Directors, upon the recommendation of its Nominating and Corporate Governance Committee, acted to increase the size of our board from nine directors to 10 directors. On the same date, also upon the recommendation of the Nominating and Corporate Governance Committee, the board appointed Sir Robert Margetts as a director. Sir Robert was appointed to fill the vacancy created by the expansion of the board and will serve as a Class III director for a term that expires at our 2013 annual meeting of stockholders.

## OUTLOOK

We believe that global demand for most of our products is continuing to recover. We have also seen a significant recovery in margins. As a result, our earnings are improving, and we anticipate that our earnings will continue to improve in the near term, taking into account typical fourth quarter seasonality. Nevertheless, we recognize that there are significant continuing economic risks that could materially impact our earnings performance.

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Our management has used 2007 as a benchmark for a normalized demand environment. In the third quarter 2010, our total sales volumes exceeded our total sales volumes for the same period in 2007; however, with a very different product and geographic profile. Notably, sales volumes at our Advanced Materials and Textile Effects segments remain below 2007 levels. All of our businesses have returned to historical average profitability levels with the exception of our Textile Effects and Polyurethanes businesses. While we anticipate that our raw material and energy costs will remain at elevated levels in response to increased demand, we expect that margins of these businesses will increase toward historical norms over time.

Our management believes that our strategic and financial approach to the operation of our business—focusing on growth in Asia and other emerging markets and debt reduction—will allow us to continue achieving strong earnings performance.



**RESULTS OF OPERATIONS**

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

**Huntsman Corporation**

	Three months ended		Percent Change	Nine months ended		Percent Change
	September 30,			September 30,		
	2010	2009		2010	2009	
<b>Revenues</b>	\$ 2,401	\$ 2,075	16%	\$ 6,838	\$ 5,601	22%
<b>Cost of goods sold</b>	1,986	1,733	15%	5,757	4,877	18%
<b>Gross profit</b>	415	342	21%	1,081	724	49%
Operating expenses	244	250	(2)%	741	705	5%
Restructuring, impairment and plant closing costs	4	7	(43)%	24	83	(71)%
<b>Operating income (loss)</b>	167	85	96%	316	(64)	NM
Interest expense, net	(64)	(65)	(2)%	(168)	(178)	(6)%
Loss on accounts receivable securitization program	—	(3)	NM	—	(13)	NM
Equity in income (loss) of investment in unconsolidated affiliates	3	(1)	NM	20	1	NM
Loss on early extinguishment of debt	(7)	(21)	(67)%	(169)	(21)	705%
(Expenses) income associated with the Terminated Merger and related litigation	(3)	(2)	50%	(4)	835	NM
Other income	2	1	100%	3	1	200%
<b>Income (loss) from continuing operations before income taxes</b>	98	(6)	NM	(2)	561	NM
Income tax expense	(41)	(68)	(40)%	(46)	(517)	(91)%
<b>Income (loss) from continuing operations</b>	57	(74)	NM	(48)	44	NM
(Loss) income from discontinued operations, net of tax	(1)	6	NM	48	—	NM
<b>Net income (loss)</b>	56	(68)	NM	—	44	NM
Net (income) loss attributable to noncontrolling interests	(1)	—	NM	(3)	4	NM
<b>Net income (loss) attributable to Huntsman Corporation</b>	55	(68)	NM	(3)	48	NM
Interest expense, net	64	65	(2)%	168	178	(6)%
Income tax expense from continuing operations	41	68	(40)%	46	517	(91)%
Income tax (benefit) expense from discontinued operations	(2)	(70)	(97)%	27	(70)	NM
Depreciation and amortization	99	112	(12)%	295	338	(13)%
<b>EBITDA(1)</b>	\$ 257	\$ 107	140%	\$ 533	\$ 1,011	(47)%
<b>Adjusted EBITDA(1)</b>	\$ 273	\$ 205	33%	\$ 653	\$ 355	84%
Net cash (used in) provided by operating activities				(350)	907	NM
Net cash used in investing activities				(85)	(164)	(48)%
Net cash (used in) provided by financing activities				(314)	214	NM
<b>Capital expenditures, net of reimbursements(2)</b>				98	140	(30)%

**Huntsman International**

	Three months ended		Percent Change	Nine months ended		Percent Change
	September 30,			September 30,		
	2010	2009		2010	2009	
<b>Revenues</b>	\$ 2,401	\$ 2,075	16%	\$ 6,838	\$ 5,601	22%
<b>Cost of goods sold</b>	1,981	1,728	15%	5,744	4,864	18%
<b>Gross profit</b>	420	347	21%	1,094	737	48%
Operating expenses	244	250	(2)%	728	697	4%
Restructuring, impairment and plant closing costs	4	7	(43)%	24	83	(71)%
<b>Operating income (loss)</b>	172	90	91%	342	(43)	NM
Interest expense, net	(69)	(64)	8%	(182)	(177)	3%
Loss on accounts receivable securitization program	—	(3)	NM	—	(13)	NM
Equity in income (loss) of investment in unconsolidated affiliates	3	(1)	NM	20	1	NM
Loss on early extinguishment of debt	(7)	(21)	(67)%	(23)	(21)	10%
Other income	1	1	—	3	1	200%
<b>Income (loss) from continuing operations before income taxes</b>	100	2	NM	160	(252)	NM
Income tax expense	(40)	(49)	(18)%	(56)	(203)	(72)%
<b>Income (loss) from continuing operations</b>	60	(47)	NM	104	(455)	NM
(Loss) income from discontinued operations, net of tax	(1)	6	NM	48	—	NM
<b>Net income (loss)</b>	59	(41)	NM	152	(455)	NM
Net (income) loss attributable to noncontrolling interests	(1)	—	NM	(3)	4	NM
<b>Net income (loss) attributable to Huntsman International LLC</b>	58	(41)	NM	149	(451)	NM
Interest expense, net	69	64	8%	182	177	3%
Income tax expense from continuing operations	40	49	(18)%	56	203	(72)%
Income tax (benefit) expense from discontinued operations	(2)	(70)	(97)%	27	(70)	NM
Depreciation and amortization	95	107	(11)%	279	321	(13)%
<b>EBITDA(1)</b>	\$ 260	\$ 109	139%	\$ 693	\$ 180	285%
<b>Adjusted EBITDA(1)</b>	\$ 273	\$ 205	33%	\$ 663	\$ 359	85%
Net cash (used in) provided by operating activities				(325)	227	NM
Net cash used in investing activities				(127)	(156)	(19)%
Net cash provided by financing activities				129	624	(79)%
<b>Capital expenditures, net of reimbursements(2)</b>				98	140	(30)%

NM—Not Meaningful

- (1) EBITDA is defined as net income (loss) attributable to Huntsman Corporation or Huntsman International LLC, as appropriate, before interest, income taxes, depreciation and amortization. We believe that EBITDA enhances an investor's understanding of our financial performance. However, EBITDA should not be considered in isolation or viewed as a substitute for net income

attributable to Huntsman Corporation or Huntsman International LLC, as appropriate, 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 by reviewing EBITDA as a general indicator of economic performance compared with 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. 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 attributable to Huntsman Corporation or Huntsman International LLC, as appropriate, 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 rather 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 accounts receivable and inventory, net of accounts payable.

Adjusted EBITDA is computed by eliminating the following from EBITDA: unallocated foreign exchange gains or losses; loss on early extinguishment of debt; loss on accounts receivable securitization programs (for periods prior to January 1, 2010); EBITDA from discontinued operations; acquisition costs; (expenses) income associated with the Terminated Merger and related litigation; and restructuring, impairment and plant closing costs. Adjusted EBITDA is presented solely as a supplemental disclosure to EBITDA and reported GAAP measures because we believe that this measure is indicative of our operating performance and a principal indicative valuation measure of chemical companies.

In addition to the limitations of EBITDA noted above, Adjusted EBITDA excludes items that may be recurring in nature and should not be disregarded in the evaluation of performance. However, we believe it is useful to exclude such items to provide a supplemental analysis of current results and trends compared to other periods for the following reasons: certain excluded items can vary significantly depending on specific underlying transactions or events, and the variability of such items may not relate specifically to current operating results or trends; and certain excluded items, while potentially recurring in future periods, may not be indicative of future results.

Adjusted EBITDA should not be construed as an alternative to net income applicable to Huntsman Corporation or Huntsman International, as the case may be, as an indicator of performance, or as any other measure determined in accordance with GAAP.

We believe that net income (loss) attributable to Huntsman Corporation or Huntsman International, as appropriate, is the performance measure calculated and presented in accordance with GAAP that is most directly comparable to EBITDA and adjusted EBITDA. For each of our Company and Huntsman International, the following tables reconcile net income (loss) attributable to Huntsman Corporation or Huntsman International LLC, as appropriate to EBITDA and Adjusted EBITDA dollars in millions):

**Huntsman Corporation**

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2010	2009	2010	2009
<b>Net income (loss) attributable to Huntsman Corporation</b>	\$ 55	\$ (68)	\$ (3)	\$ 48
Interest expense, net	64	65	168	178
Income tax expense from continuing operations	41	68	46	517
Income tax (benefit) expense from discontinued operations	(2)	(70)	27	(70)
Depreciation and amortization	99	112	295	338
<b>EBITDA</b>	<b>257</b>	<b>107</b>	<b>533</b>	<b>1,011</b>
Foreign exchange gains—unallocated	(2)	(6)	(3)	(15)
Loss on early extinguishment of debt	7	21	169	21
Loss on accounts receivable securitization program	—	3	—	13
Amounts included in discontinued operations	3	64	(76)	69
Acquisition expenses	1	8	2	9
Expenses (income) associated with the Terminated Merger and related litigation	3	2	4	(835)
Gain on sale of business/assets	—	(1)	—	(1)
Restructuring, impairment and plant closing costs (credits):				
Polyurethanes	—	—	—	2
Advanced Materials	—	(2)	(2)	13
Textile Effects	1	3	16	12
Pigments	2	4	5	47
Corporate and other	1	2	5	9
Total restructuring, impairment and plant closing costs	4	7	24	83
<b>Adjusted EBITDA</b>	<b>\$ 273</b>	<b>\$ 205</b>	<b>\$ 653</b>	<b>\$ 355</b>

**Huntsman International**

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2010	2009	2010	2009
<b>Net income (loss) attributable to Huntsman International</b>	\$ 58	\$ (41)	\$ 149	\$ (451)
Interest expense, net	69	64	182	177
Income tax expense from continuing operations	40	49	56	203
Income tax (benefit) expense from discontinued operations	(2)	(70)	27	(70)
Depreciation and amortization	95	107	279	321
<b>EBITDA</b>	<u>260</u>	<u>109</u>	<u>693</u>	<u>180</u>
Foreign exchange gains—unallocated	(2)	(6)	(3)	(15)
Loss on early extinguishment of debt	7	21	23	21
Loss on accounts receivable securitization program	—	3	—	13
Amounts included in discontinued operations	3	64	(76)	69
Acquisition expenses	1	8	2	9
Gain on sale of business/assets	—	(1)	—	(1)
<b>Restructuring, impairment and plant closing costs (credits):</b>				
Polyurethanes	—	—	—	2
Advanced Materials	—	(2)	(2)	13
Textile Effects	1	3	16	12
Pigments	2	4	5	47
Corporate and other	1	2	5	9
<b>Total restructuring, impairment and plant closing costs</b>	<u>4</u>	<u>7</u>	<u>24</u>	<u>83</u>
<b>Adjusted EBITDA</b>	<u>\$ 273</u>	<u>\$ 205</u>	<u>\$ 663</u>	<u>\$ 359</u>

- (2) Capital expenditures, net of reimbursements represent cash paid for capital expenditures less reimbursements of capital expenditures from insurance settlements, other legal settlements and contributions from noncontrolling shareholders in consolidated entities. During the nine months ended September 30, 2010 and 2009, capital expenditures of \$132 million and \$140 million, respectively, were reimbursed in part by \$34 million and nil, respectively, from insurance settlement proceeds. During the nine months ended September 30, 2010 we received \$110 million from the settlement of our insurance claims related to the 2006 fire at our Port Arthur Texas plant, \$34 million of which was considered as a reimbursement of capital expenditures.

### Three Months Ended September 30, 2010 Compared with Three Months Ended September 30, 2009

For the three months ended September 30, 2010, net income attributable to Huntsman Corporation was \$55 million on revenues of \$2,401 million, compared with net loss attributable to Huntsman Corporation of \$68 million on revenues of \$2,075 million for the same period of 2009. For the three months ended September 30, 2010, net income attributable to Huntsman International LLC was \$58 million on revenues of \$2,401 million, compared with net loss attributable to Huntsman International LLC of \$41 million on revenues of \$2,075 million for the same period of 2009. The increase of \$123 million in net income attributable to Huntsman Corporation and the increase of \$99 million in net income attributable to Huntsman International LLC was the result of the following items:

- Revenues for the three months ended September 30, 2010 increased by \$326 million, or 16%, as compared with the 2009 period due principally to higher average selling prices and higher sales volumes in all our segments. See "—Segment Analysis" below.
- Our gross profit and the gross profit of Huntsman International for the three months ended September 30, 2010 increased by \$73 million, or 21% each, as compared with the 2009 period resulting from higher gross margins in all of our segments except Polyurethanes. See "—Segment Analysis" below.
- Our operating expenses and the operating expenses of Huntsman International for the three months ended September 30, 2010 remained relatively unchanged as compared with the 2009 period.
- Restructuring, impairment and plant closing costs for the three months ended September 30, 2010 decreased to \$4 million from \$7 million in the 2009 period. For more information concerning restructuring activities, see "Note 7. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).
- Our net interest expense for the three months ended September 30, 2010 decreased by \$1 million, or 2%, as compared with the 2009 period resulting primarily from lower average debt balances outstanding during 2010, offset in part by higher interest expense associated with our A/R Programs. The net interest expense of Huntsman International for the three months ended September 30, 2010 increased by \$5 million, or 8%, as compared with the 2009 period resulting primarily from higher interest expense associated with our A/R Programs. Upon the adoption of new accounting guidance in 2010, transfers of our accounts receivable under our A/R Programs no longer met the criteria for derecognition. Accordingly, the amounts outstanding under our A/R Programs are accounted for as secured borrowings beginning January 1, 2010. For more information, see "Note 8. Debt—Transactions Affecting Our Debt—Accounts Receivable Securitization" to our condensed consolidated financial statements (unaudited).
- The loss on early extinguishment of debt for the three months ended September 30, 2010 resulted from the September 27, 2010 prepayment of €132 million (approximately \$177 million) of 6.875% senior subordinated notes due 2013. The loss on early extinguishment of debt for the three months ended September 30, 2009 resulted from the July 23, 2009 redemption of our 11.625% senior secured notes due October 2010, and the August 3, 2009 redemption of our 11.5% senior notes due July 2012. For more information, see "Note 8. Debt" to our condensed consolidated financial statements (unaudited).
- Expenses associated with the Terminated Merger and related litigation for the three months ended September 30, 2010 was \$3 million primarily as a result of \$3 million of bonuses paid to certain members of the Board of Directors, upon the recommendation of an independent committee of the Board of Directors, for their efforts in connection with the litigation with Hexion and Apollo following the Terminated Merger. Expenses associated with the Terminated

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Merger and related litigation for the three months ended September 30, 2009 related primarily to legal fees. For more information, see "Note 18. (Expenses) Income Associated with the Terminated Merger and Related Litigation" to our condensed consolidated financial statements (unaudited).

- For the three months ended September 30, 2010, our income tax expense decreased by \$27 million and Huntsman International's tax expense decreased by \$9 million, as compared with the same period in 2009. Our and Huntsman International's tax obligations are affected by the mix of income and losses in the tax jurisdictions in which we operate. For the three months ended September 30, 2010 we have computed our provision for income taxes based on the actual effective tax rate for the year-to-date by applying the discrete method. The discrete method was used to calculate the income tax provision as the annual effective tax rate was not considered a reliable estimate of year-to-date income tax expense. For further information concerning taxes, see "Note 19. Income Taxes" to our condensed consolidated financial statements (unaudited).
- The operating results of our former polymers, base chemicals and Australian styrenics businesses are classified as discontinued operations, and, accordingly, the revenues of these businesses are excluded from revenues for all periods presented. The income (loss) from discontinued operations represents the net of tax operating results, fire insurance settlement gains and related litigation costs, and restructuring, impairment and plant closing costs and gain (loss) on disposal with respect to our former businesses.

## Segment Analysis

During the first quarter of 2010, we began reporting our LIFO inventory valuation reserves as part of Corporate and other; these reserves were previously reported in our Performance Products segment. All segment information for prior periods has been restated to reflect this change.

	Three Months Ended		Percent Change
	September 30,		
	2010	2009	
<b>Revenues</b>			
Polyurethanes	\$ 960	\$ 869	10%
Performance Products	678	540	26%
Advanced Materials	318	273	16%
Textile Effects	190	173	10%
Pigments	327	262	25%
Eliminations	(72)	(42)	71%
Total	<u>\$ 2,401</u>	<u>\$ 2,075</u>	16%
<b>Huntsman Corporation</b>			
<b>Segment EBITDA</b>			
Polyurethanes	\$ 102	\$ 137	(26)%
Performance Products	99	84	18%
Advanced Materials	42	29	45%
Textile Effects	7	(25)	NM
Pigments	64	4	NM
Corporate and other	(54)	(58)	(7)%
Subtotal	<u>260</u>	<u>171</u>	52%
Discontinued Operations	(3)	(64)	(95)%
Total	<u>\$ 257</u>	<u>\$ 107</u>	140%
<b>Huntsman International</b>			
<b>Segment EBITDA</b>			
Polyurethanes	\$ 102	\$ 137	(26)%
Performance Products	99	84	18%
Advanced Materials	42	29	45%
Textile Effects	7	(25)	NM
Pigments	64	4	NM
Corporate and other	(51)	(56)	(9)%
Subtotal	<u>263</u>	<u>173</u>	52%
Discontinued Operations	(3)	(64)	(95)%
Total	<u>\$ 260</u>	<u>\$ 109</u>	139%



Three months ended September 30, 2010 vs. 2009			
Average Selling Price(1)			
	Local Currency	Foreign Currency Translation Impact	Sales Volumes(1)
<b>Period-Over-Period Increase (Decrease)</b>			
Polyurethanes	7%	(3)%	5%
Performance Products	12%	(3)%	19%
Advanced Materials	13%	(3)%	7%
Textile Effects	8%	(1)%	3%
Pigments	16%	(5)%	14%
<b>Total Company</b>	<b>8%</b>	<b>(3)%</b>	<b>11%</b>

Three months ended September 30, 2010 vs. June 30, 2010			
Average Selling Price(1)			
	Local Currency	Foreign Currency Translation Impact	Sales Volumes(1)
<b>Period-Over-Period (Decrease) Increase</b>			
Polyurethanes	(5)%	(1)%	12%
Performance Products	—	(1)%	2%
Advanced Materials	4%	(1)%	(3)%
Textile Effects	(1)%	—	(10)%
Pigments	8%	(1)%	8%
<b>Total Company</b>	<b>(2)%</b>	<b>(1)%</b>	<b>7%</b>

(1) Excludes revenues and sales volumes from tolling arrangements and byproducts.

NM—Not meaningful

### *Polyurethanes*

The increase in revenues in our Polyurethanes segment for the three months ended September 30, 2010 compared to the same period in 2009 was primarily due to higher sales prices and higher sales volumes. Average selling prices for MDI increased in response to higher raw material costs while average selling prices for MTBE decreased as a result of increased industry supply. MDI sales volumes increased as a result of improved demand in all regions and across all major markets with the exception of appliances, while PO/MTBE sales volumes increased generally due to improved demand. The decrease in segment EBITDA was primarily due to lower contribution margins from higher raw material costs and higher manufacturing costs.

### *Performance Products*

The increase in revenues in our Performance Products segment for the three months ended September 30, 2010 compared to the same period in 2009 was due to higher average selling prices and higher sales volumes. Average selling prices increased across all product groups primarily in response to higher raw materials costs and strong market conditions, partially offset by the strength of the U.S. dollar against major European currencies. Sales volumes increased primarily due to higher demand across almost all product groups and additional sales of certain products previously produced under tolling arrangements. The increase in segment EBITDA was primarily due to higher contribution margins and higher sales volumes, partially offset by higher manufacturing and selling, general and administrative costs.

### ***Advanced Materials***

The increase in revenues in our Advanced Materials segment for the three months ended September 30, 2010 compared to the same period in 2009 was due to higher sales volumes and higher average selling prices. Sales volumes increased in the Americas and Asia-Pacific regions while volumes decreased in Europe primarily in our base resin market as a result of less material available. Average selling prices increased in our specialty components and base resins business primarily in response to higher raw material costs and reduced product availability in the epoxy resin market, partially offset by lower average selling prices in our formulations business primarily as a result of changes in our product mix and competitive market pressure. The increase in segment EBITDA was primarily due to higher sales volumes and higher contribution margins.

### ***Textile Effects***

The increase in revenues in our Textile Effects segment for the three months ended September 30, 2010 compared to the same period in 2009 was due to higher average selling prices sales and higher volumes. Average selling prices increased primarily due favorable changes in product mix partially offset by the strength of the U.S. dollar against major European currencies. Sales volumes increased across all regions and within apparel and home textiles as well as specialty textiles. The increase in segment EBITDA was primarily due to lower manufacturing and selling, general and administrative costs, higher contribution margins and higher volumes.

### ***Pigments***

The increase in revenues in our Pigments segment for the three months ended September 30, 2010 compared to the same period in 2009 was due to higher average selling prices and higher sales volumes. Average selling prices increased primarily as a result of price increase initiatives in all regions of the world partially offset by the strength of the U.S. dollar against major European currencies. Sales volumes increased primarily due to recovery in global demand most notably in Europe and Asia Pacific. The increase in segment EBITDA in our Pigments division was primarily due to higher contribution margins and higher sales volumes.

### ***Corporate and other—Huntsman Corporation***

Corporate and other includes unallocated corporate overhead, unallocated foreign exchange gains and losses, LIFO inventory valuation reserve adjustments, loss on early extinguishment of debt, income (expenses) associated with the Terminated Merger and related litigation, net income (loss) attributable to noncontrolling interests, unallocated restructuring, impairment and plant closing costs, step accounting impacts and non-operating income and expense. For the three months ended September 30, 2010, EBITDA from Corporate and other items increased by \$4 million to a loss of \$54 million from a loss of \$58 million for the same period in 2009. The increase in EBITDA was primarily attributable to a reduction in loss on early extinguishment of debt of \$14 million (\$7 million of loss in the 2010 period compared to \$21 million of loss in the 2009 period). For more information regarding the loss on early extinguishment of debt, see "Note 8. Debt" to our condensed consolidated financial statements (unaudited). The increase to EBITDA was partially offset by a \$4 million decrease in unallocated foreign exchange gains (\$2 million in gains in the 2010 period compared to \$6 million in gains in the 2009 period) and higher legal and incentive compensation costs.

### ***Corporate and other—Huntsman International***

Corporate and other includes unallocated corporate overhead, unallocated foreign exchange gains and losses, LIFO inventory valuation reserve adjustments, loss on early extinguishment of debt, net income (loss) attributable to noncontrolling interests, unallocated restructuring, impairment and plant

closing costs and non-operating income and expense. For the three months ended September 30, 2010, EBITDA from Corporate and other items increased by \$5 million to a loss of \$51 million from a loss of \$56 million for the same period in 2009. The increase in EBITDA was primarily attributable to a reduction in loss on early extinguishment of debt of \$14 million (\$7 million of loss in the 2010 period compared to \$21 million of loss in the 2009 period). For more information regarding the loss on early extinguishment of debt, see "Note 8. Debt" to our condensed consolidated financial statements (unaudited). The increase to EBITDA was partially offset by a \$4 million decrease in unallocated foreign exchange gains (\$2 million in gains in the 2010 period compared to \$6 million in gains in the 2009 period) and higher legal and incentive compensation costs.

### ***Discontinued Operations***

The operating results of our former polymers, base chemicals and Australian styrenics businesses are classified as discontinued operations, and, accordingly, the revenues of these businesses are excluded from revenues for all periods presented. The EBITDA of these former businesses are included in discontinued operations for all periods presented. The income (loss) from discontinued operations represents the operating results, fire insurance settlement gains and related litigation costs, and restructuring, impairment and plant closing costs and gain (loss) on disposal with respect to our former businesses.

### **Nine Months Ended September 30, 2010 Compared with Nine Months Ended September 30, 2009**

For the nine months ended September 30, 2010, net loss attributable to Huntsman Corporation was \$3 million on revenues of \$6,838 million, compared with net income attributable to Huntsman Corporation of \$48 million on revenues of \$5,601 million for the same period of 2009. For the nine months ended September 30, 2010, net income attributable to Huntsman International LLC was \$149 million on revenues of \$6,838 million, compared with net loss attributable to Huntsman International LLC of \$451 million on revenues of \$5,601 million for the same period of 2009. The decrease of \$51 million in net income attributable to Huntsman Corporation and the increase of \$600 million in net income attributable to Huntsman International LLC was the result of the following items:

- Revenues for the nine months ended September 30, 2010 increased by \$1,237 million, or 22%, as compared with the 2009 period due principally to higher average selling prices and higher sales volumes in all our segments. See "—Segment Analysis" below.
- Our gross profit and the gross profit of Huntsman International for the nine months ended September 30, 2010 increased by \$357 million each, or 49% and 48%, respectively, as compared with the 2009 period, resulting from higher gross margins in all of our segments except Polyurethanes. See "—Segment Analysis" below.
- Our operating expenses and the operating expenses of Huntsman International for the nine months ended September 30, 2010 increased by \$36 million and \$31 million, or 5% and 4%, respectively, as compared with the 2009 period due primarily to \$15 million of higher foreign currency transaction losses, a \$4 million negative impact of translating foreign currency amounts to the U.S. dollar, as the U.S. dollar and higher selling, general and administrative expenses.
- Restructuring, impairment and plant closing costs for the nine months ended September 30, 2010 decreased to \$24 million from \$83 million in the 2009 period. For more information concerning restructuring activities, see "Note 7. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).
- Our net interest expense for the nine months ended September 30, 2010 decreased by \$10 million, or 6%, as compared with the 2009 period, resulting primarily from a \$12 million

reduction in interest expense recognized in the nine months ended September 30, 2010 related to the ineffective portion of the cross currency swap entered into in connection with our 2020 Subordinated Notes issuance and lower average debt balances outstanding, offset in part by higher interest expense associate with our A/R Programs. The net interest expense of Huntsman International for the nine months ended September 30, 2010 increased by \$5 million, or 3%, as compared with the 2009 period, resulting primarily from higher interest expense associate with our A/R Programs offset, by a \$12 million reduction in interest expense recognized in the nine months ended September 30, 2010 related to the ineffective portion of the cross currency swap entered into in connection with our 2020 Subordinated Notes issuance. Upon the adoption of new accounting guidance in 2010, transfers of our accounts receivable under our A/R Programs no longer met the criteria for derecognition. Accordingly, the amounts outstanding under our A/R Programs are accounted for as secured borrowings beginning January 1, 2010. For more information, see "Note 9. Derivative Instruments and Hedging Activities" and "Note 8. Debt—Transactions Affecting Our Debt—Accounts Receivable Securitization" to our condensed consolidated financial statements (unaudited).

- Equity income of investment in unconsolidated affiliates for the nine months ended September 30, 2010 increased to \$20 million from \$1 million in the 2009 period. During the nine months ended September 30, 2010, we recorded a non-recurring \$18 million credit to equity income of investment in unconsolidated affiliates to appropriately reflect our investment in the Sasol-Huntsman GmbH and Co. KG joint venture. For more information, see "Note 5. Investment in Unconsolidated Affiliates" to our condensed consolidated financial statements (unaudited).
- The loss on early extinguishment of debt for the nine months ended September 30, 2010 resulted from the January 11, 2010 repurchase of the Convertible Notes, the March 17, 2010 partial redemption of the senior subordinated notes due 2013 and the senior subordinated notes due 2015, the April 26, 2010 prepayment of \$124 million of Term Loan B and \$40 million of Term Loan C, the June 22, 2010 prepayment of \$110 million of our Senior Credit Facilities and from the September 27, 2010 prepayment of €132 million (approximately \$177 million) of 6.875% senior subordinated notes due 2013. The loss on early extinguishment of debt for the nine months ended September 30, 2009 resulted from the July 23, 2009 redemption of our 11.625% senior secured notes due October 2010, and the August 3, 2009 redemption of our 11.5% senior notes due July 2012. For more information see "Note 8. Debt" to our condensed consolidated financial statements (unaudited).
- Expenses associated with the Terminated Merger and related litigation for the nine months ended September 30, 2010 consisted primarily of \$3 million of bonuses paid to certain members of the Board of Directors, upon the recommendation of an independent committee of the Board of Directors, for their efforts in connection with the litigation with Hexion and Apollo following the Terminated Merger. Income associated with the Terminated Merger and related litigation for the nine months ended September 30, 2009 consisted primarily of an \$868 million gain related to the Texas Bank Litigation Settlement Agreement, offset in part by litigation-related fees and employee retention bonuses. For more information, see "Note 18. (Expenses) Income Associated with the Terminated Merger and Related Litigation" to our condensed consolidated financial statements (unaudited).
- For the nine months ended September 30, 2010, our income tax expense decreased by \$471 million and Huntsman International's tax expense decreased by \$147 million, as compared with the same period in 2009. During the nine months ended September 30, 2009, we recorded discrete tax expense of \$309 million related to the net \$835 million of income of the Terminated Merger and related litigation and we and Huntsman International recorded \$146 million and \$156 million, respectively, of valuation allowance against the net deferred tax assets in the U.K.

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Our and Huntsman International's tax obligations are affected by the mix of income and losses in the tax jurisdictions in which we operate. For the nine months ended September 30, 2010 we have computed our provision for income taxes based on the actual effective tax rate for the year-to-date by applying the discrete method. The discrete method was used to calculate the income tax provision as the annual effective tax rate was not considered a reliable estimate of year-to-date income tax expense. For further information concerning taxes, see "Note 19. Income Taxes" to our condensed consolidated financial statements (unaudited).

- Income from discontinued operations for the nine months ended September 30, 2010 was \$48 million as compared to nil in the 2009 period. The increase in income from discontinued operations resulted principally from a \$110 million pretax gain recognized in the second quarter of 2010 in connection with the final settlement of our insurance claims related to the 2006 fire at our former Port Arthur, Texas plant and a pretax gain of \$7 million from the settlement of insurance claims related to the 2005 gulf coast storms, offset in part by related income taxes, legal and other costs. See "Note 17. Casualty Losses and Insurance Recoveries" to our condensed consolidated financial statements (unaudited).

## Segment Analysis

During the first quarter of 2010, we began reporting our LIFO inventory valuation reserves as part of Corporate and other; these reserves were previously reported in our Performance Products segment. All segment information for prior periods has been restated to reflect this change.

	Nine Months Ended September 30,		Percent Change
	2010	2009	
<b>Revenues</b>			
Polyurethanes	\$ 2,659	\$ 2,164	23%
Performance Products	1,963	1,522	29%
Advanced Materials	929	785	18%
Textile Effects	598	504	19%
Pigments	883	712	24%
Eliminations	(194)	(86)	126%
Total	<u>\$ 6,838</u>	<u>\$ 5,601</u>	22%
<b>Huntsman Corporation</b>			
<b>Segment EBITDA</b>			
Polyurethanes	\$ 224	\$ 249	(10)%
Performance Products	275	178	54%
Advanced Materials	127	38	234%
Textile Effects	—	(56)	NM
Pigments	139	(51)	NM
Corporate and other	(308)	722	NM
Subtotal	<u>457</u>	<u>1,080</u>	(58)%
Discontinued Operations	76	(69)	NM
Total	<u>\$ 533</u>	<u>\$ 1,011</u>	(47)%
<b>Huntsman International</b>			
<b>Segment EBITDA</b>			
Polyurethanes	\$ 224	\$ 249	(10)%
Performance Products	275	178	54%
Advanced Materials	127	38	234%
Textile Effects	—	(56)	NM
Pigments	139	(51)	NM
Corporate and other	(148)	(109)	36%
Subtotal	<u>617</u>	<u>249</u>	148%
Discontinued Operations	76	(69)	NM
Total	<u>\$ 693</u>	<u>\$ 180</u>	285%

<b>Nine months ended September 30, 2010 vs. 2009</b>			
<b>Average Selling Price(1)</b>			
<b>Period-Over-Period Increase (Decrease)</b>	<b>Local Currency</b>	<b>Foreign Currency Translation Impact</b>	<b>Sales Volumes(1)</b>
Polyurethanes	16%	(1)%	3%
Performance Products	8%	—	22%
Advanced Materials	7%	—	12%
Textile Effects	6%	2%	10%
Pigments	8%	(1)%	16%
<b>Total Company</b>	<b>9%</b>	<b>—</b>	<b>12%</b>

(1) Excludes revenues and sales volumes from tolling arrangements and byproducts.

NM—Not meaningful

### ***Polyurethanes***

The increase in revenues in our Polyurethanes segment for the nine months ended September 30, 2010 as compared to the same period in 2009 was primarily due to higher MDI sales volumes and higher average selling prices for MDI products and MTBE. MDI products sales volumes were higher with demand recovering across all major markets with the worldwide economic recovery, while average selling prices for MDI products and MTBE increased in response to higher raw material costs. PO/MTBE sales volumes decreased due to the planned 60 day maintenance outage at our Port Neches, Texas PO/MTBE facility in the first quarter of 2010. The overall decrease in segment EBITDA was primarily due to the estimated \$40 million impact of the planned maintenance outage at our Port Neches, Texas PO/MTBE facility and overall lower MTBE margins both of which were largely offset by improvement in MDI sales volumes and margins.

### ***Performance Products***

The increase in revenues in our Performance Products segment for the nine months ended September 30, 2010 compared to the same period in 2009 was due to higher sales volumes and higher average selling prices. Sales volumes increased primarily due to higher demand across almost all product groups and additional sales of certain products previously produced under tolling arrangements. Average selling prices increased across almost all product groups principally in response to higher raw material costs and continued strong market demand, partially offset by the strength of the U.S. dollar against major European currencies. The increase in segment EBITDA was primarily due to higher sales volumes and higher margins, partially offset by higher plant expenses and the impact of shut downs during the first quarter of 2010 at our Port Neches, Texas ethylene and ethylene oxide units which resulted in higher costs of approximately \$11 million. In addition, during the nine months ended September 30, 2010, we recorded a non-recurring \$18 million credit to equity income of investment in unconsolidated affiliates to appropriately reflect our investment in the Sasol-Huntsman GmbH and Co. KG joint venture.

### ***Advanced Materials***

The increase in revenues in our Advanced Materials segment for the nine months ended September 30, 2010 compared to the same period in 2009 was due to higher sales volumes and higher average selling prices. Sales volumes increased in all markets primarily due to the worldwide economic recovery. Average selling prices increased in our base resins business primarily in response to higher

raw material costs, offset in part by lower average selling prices in our specialty components and formulations markets, primarily as a result of changes in our product mix and competitive market pressures. The increase in segment EBITDA was primarily due to higher sales volumes and margins and lower restructuring, impairment and plant closing costs, partially offset by higher manufacturing costs.

### ***Textile Effects***

The increase in revenues in our Textile Effects segment for the nine months ended September 30, 2010 compared to the same period in 2009 was due to higher average selling prices and higher sales volumes. Average selling prices increased primarily due to favorable changes in product mix. Sales volumes increased across all business lines due to the economic recovery. The increase in segment EBITDA was primarily due to higher sales volumes and higher contribution margins, and lower fixed costs, partially offset by higher restructuring, impairment and plant closing costs. During the nine months ended September 30, 2010 and 2009, our Textile Effects segment recorded restructuring, impairment and plant closing charges of \$16 million and \$12 million, respectively. For more information concerning restructuring activities, see "Note 7. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

### ***Pigments***

The increase in revenues in our Pigments segment for nine months ended September 30, 2010 compared to the same period in 2009 was due to higher sales volumes and higher average selling prices. Sales volumes increased primarily due to demand recovery in all regions of the world as a result of the worldwide economic recovery. Average selling prices increased primarily as a result of higher selling prices in all regions of the world. The increase in segment EBITDA was primarily due to higher sales volumes, higher contribution margins and lower restructuring, impairment and plant closing costs. During the nine months ended September 30, 2010 and 2009, our Pigments segment recorded restructuring, impairment and plant closing charges of \$5 million and \$47 million, respectively. For more information concerning restructuring activities, see "Note 7. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

### ***Corporate and other—Huntsman Corporation***

Corporate and other includes unallocated corporate overhead, unallocated foreign exchange gains and losses, LIFO inventory valuation reserve adjustments, loss on early extinguishment of debt, income (expenses) associated with the Terminated Merger and related litigation, net income (loss) attributable to noncontrolling interests, unallocated restructuring, impairment and plant closing costs, step accounting impacts and non-operating income and expense. For the nine months ended September 30, 2010, EBITDA from Corporate and other items decreased by \$1,030 million to a loss of \$308 million from earnings of \$722 million for the same period in 2009. The decrease in EBITDA from Corporate and other for the nine months ended September 30, 2010 resulted primarily from a gain of \$835 million in the 2009 period related to the Texas Bank Litigation Settlement Agreement. For more information, see "Note 18. (Expenses) Income Associated with the Terminated Merger and Related Litigation" to our condensed consolidated financial statements (unaudited). Additionally, the decrease in EBITDA from Corporate and other was attributable to an increase in loss on early extinguishment of debt of \$148 million (\$169 million of expense in the 2010 period compared to \$21 million in the 2009 period), an increase of LIFO inventory valuation expense of \$32 million (\$10 million of expense in the 2010 period compared to \$22 million of income in the 2009 period), a \$12 million decrease in unallocated foreign exchange gains (\$3 million in gains in the 2010 period compared to \$15 million in gains in the 2009 period), and to a \$7 million decrease in income attributable to noncontrolling interests (\$3 million of expense in the 2010 period compared to \$4 million of income in the 2009 period). For more



information regarding the loss on early extinguishment of debt, see "Note 8. Debt" to our condensed consolidated financial statements (unaudited). The decrease to EBITDA was partially offset by a \$13 million reduction in loss on accounts receivable securitization program. Upon the adoption of new accounting guidance in 2010, transfers of our accounts receivable under our A/R Programs no longer met the criteria for derecognition. Accordingly, the amounts outstanding under our A/R Programs are accounted for as secured borrowings beginning January 1, 2010. For more information, see "Note 8. Debt—Transactions Affecting Our Debt—Accounts Receivable Securitization" to our condensed consolidated financial statements (unaudited).

***Corporate and other—Huntsman International***

Corporate and other includes unallocated corporate overhead, unallocated foreign exchange gains and losses, LIFO inventory valuation reserve adjustments, loss on early extinguishment of debt, net income (loss) attributable to noncontrolling interests, unallocated restructuring, impairment and plant closing costs and non-operating income and expense. For the nine months ended September 30, 2010, EBITDA from Corporate and other items decreased by \$39 million to a loss of \$148 million from a loss of \$109 million for the same period in 2009. The decrease in EBITDA from Corporate and other for the nine months ended September 30, 2010 resulted primarily from an increase of LIFO inventory valuation expense of \$32 million (\$10 million of expense in the 2010 period compared to \$22 million of income in the 2009 period), a \$12 million decrease in unallocated foreign exchange gains (\$3 million in gains in the 2010 period compared to \$15 million in gains in the 2009 period), a \$7 million decrease in income attributable to noncontrolling interests (\$3 million of expense in the 2010 period compared to \$4 million of income in the 2009 period) and to an increase in loss on early extinguishment of debt of \$2 million (\$23 million of expense in the 2010 period compared to \$21 million in the 2009 period). For more information regarding the loss on early extinguishment of debt, see "Note 8. Debt" to our condensed consolidated financial statements (unaudited). The decrease to EBITDA was partially offset by a \$13 million reduction in loss on accounts receivable securitization program. Upon the adoption of new accounting guidance in 2010, transfers of our accounts receivable under our A/R Programs no longer met the criteria for derecognition. Accordingly, the amounts outstanding under our A/R Programs are accounted for as secured borrowings beginning January 1, 2010. For more information, see "Note 8. Debt—Transactions Affecting Our Debt—Accounts Receivable Securitization" to our condensed consolidated financial statements (unaudited).

***Discontinued Operations***

The operating results of our former polymers, base chemicals and Australian styrenics businesses are classified as discontinued operations, and, accordingly, the revenues of these businesses are excluded from revenues for all periods presented. The EBITDA of these former businesses are included in discontinued operations for all periods presented. The income (loss) from discontinued operations represents the operating results, fire insurance settlement gains and related litigation costs, and restructuring, impairment and plant closing costs and gain (loss) on disposal with respect to our former businesses. See "Note 17. Casualty Losses and Insurance Recoveries" and "Note 20. Discontinued Operations" to our condensed consolidated financial statements (unaudited).

## LIQUIDITY AND CAPITAL RESOURCES

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

### Cash

Net cash (used in) provided by operating activities for the nine months ended September 30, 2010 and 2009 was \$(350) million and \$907 million, respectively. The increase in cash used in operating activities was primarily attributable to the 2009 settlement proceeds received in connection with the Texas Bank Litigation Settlement Agreement and by a \$1,050 million unfavorable variance in operating assets and liabilities for the nine months ended September 30, 2010 as compared with the same period in 2009, offset in part by an increase in operating income as described in "—Results of Operations" above. Upon the adoption of new accounting guidance on January 1, 2010, transfers of accounts receivable under our A/R Programs no longer met the criteria for derecognition and off-balance sheet treatment. Accordingly, the amounts outstanding under our A/R Programs are accounted for as secured borrowings and are now on balance sheet. As a result of the adoption of this new guidance, accounts receivable increased by \$254 million and a corresponding increase in cash used in operating activities was reflected in the statement of cash flows for the nine months ended September 30, 2010.

Net cash used in investing activities for the nine months ended September 30, 2010 and 2009 was \$85 million and \$164 million, respectively. During the nine months ended September 30, 2010 and 2009, we paid \$98 million and \$140 million, respectively, for capital expenditures, net of reimbursements. This reduction in net capital expenditures was largely attributable to \$34 million of reimbursed capital expenditures in 2010 and higher 2009 spending on various projects, including the maleic anhydride and MDI expansion projects at our Geismar, Louisiana site. During the nine months ended September 30, 2010, we received proceeds of \$110 million from the settlement of our insurance claims related to the 2006 fire at our former Port Arthur, Texas plant, \$34 million of which was reflected in the statement of cash flows as investing activities. In connection with the consolidation of AAC in the third quarter of 2010, we assumed \$11 million of cash. For more information, see "Note 5. Investment in Unconsolidated Affiliates" and "Note 6. Variable Interest Entities" to our condensed consolidated financial statements (unaudited). During the nine months ended September 30, 2009, we received \$5 million from the sale of assets and paid \$31 million for the Baroda acquisition. For more information, see "Note 3. Business Combinations—Baroda Acquisition" to our condensed consolidated financial statements (unaudited).

Net cash (used in) provided by financing activities for the nine months ended September 30, 2010 was \$(314) million as compared with \$214 million in the 2009 period. This increase in net cash used in financing activities was primarily due to higher net prepayment of debt in the 2010 period as compared to the 2009 period and the resulting call premiums paid in association with that debt, partially offset by the issuance of the 2020 Subordinated Notes and the 2021 Subordinated Notes the increase in the aggregate commitments available under our Revolving Facility and A/R Programs that no longer met the criteria for derecognition upon adoption of new accounting guidance. In addition, in 2009 we issued the 2016 Senior Notes and Term Loan C in connection with the Texas Bank Litigation Settlement Agreement. For more information, see "Note 8. Debt" to our condensed consolidated financial statements (unaudited).

**Changes in Financial Condition**

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

	September 30, 2010	December 31, 2009	Increase (Decrease)	Percent Change
Cash and cash equivalents	\$ 1,003	\$ 1,745	\$ (742)	(43)%
Restricted cash	8	5	3	60%
Accounts receivable, net	1,620	1,019	601	59%
Inventories	1,375	1,184	191	16%
Prepaid expenses	57	42	15	36%
Deferred income taxes	36	36	—	—
Other current assets	146	109	37	34%
Total current assets	<u>4,245</u>	<u>4,140</u>	<u>105</u>	<u>3%</u>
Accounts payable	845	755	90	12%
Accrued liabilities	626	623	3	—
Deferred income taxes	2	2	—	—
Current portion of debt	384	431	(47)	(11)%
Total current liabilities	<u>1,857</u>	<u>1,811</u>	<u>46</u>	<u>3%</u>
Working capital	<u>\$ 2,388</u>	<u>\$ 2,329</u>	<u>\$ 59</u>	<u>3%</u>

Our working capital increased by \$59 million as a result of the net impact of the following significant changes:

- The decrease in cash and cash equivalents of \$742 million resulted from the matters identified in the condensed consolidated statements of cash flows (unaudited).
- Accounts receivable increased by \$601 million mainly due to the inclusion in the September 30, 2010 balance sheet of accounts receivable of \$254 million that were previously treated as sold into our A/R programs and as a result of higher sales, partially offset by foreign currency translation impacts as the U.S. dollar strengthened against other relevant currencies. Upon the adoption of new accounting guidance in 2010, transfers of our accounts receivable under the A/R Programs no longer met the criteria for derecognition and off-balance sheet treatment. Accordingly, the amounts outstanding under our A/R Programs are accounted for as secured borrowings beginning January 1, 2010 and are now on balance sheet. For more information, see "Note 8. Debt—Transactions Affecting Our Debt—Accounts Receivable Securitization" to our condensed consolidated financial statements (unaudited).
- Inventories increased by \$191 million mainly due to higher raw material costs, partially offset by foreign currency translation as the U.S. dollar strengthened against other relevant currencies.
- Other current assets increased by \$37 million mainly due to high income taxes receivable.
- The increase in accounts payable of \$90 million was primarily due to higher raw material inventory costs, partially offset by foreign currency translation impacts as the U.S. dollar strengthened against other relevant currencies.
- Current portion of debt decreased by \$47 million. On October 12, 2010, we repaid \$159 million of our 7.875% senior subordinated notes due 2014; accordingly, this amount was classified as current portion of debt at September 30, 2010. At December 31, 2009, the Convertible Notes were classified as current portion of debt. The Convertible Notes were repaid on January 11, 2010. For more information, see "Note 8. Debt—Transactions Affecting Our Debt—Redemption of Notes" to our condensed consolidated financial statements (unaudited).

## **Direct and Subsidiary Debt**

Huntsman Corporation's direct debt and guarantee obligations consist of the following: guarantees of certain debt of HPS (our Chinese MDI joint venture); a guarantee of certain obligations of AAC (our ethyleneamines manufacturing joint venture in Jubail, Saudi Arabia); a guarantee of certain debt of Huntsman Corporation Australia Pty Limited; certain indebtedness incurred from time to time to finance certain insurance premiums; and a guarantee of certain obligations of Huntsman International in its capacity as a contributor and servicer guarantor under the U.S. A/R Program. Substantially all of our other debt, including the facilities described below, has been incurred by our subsidiaries (primarily Huntsman International); such subsidiary debt is nonrecourse to us and we have no contractual obligation to fund our subsidiaries' respective operations.

## **Transactions Affecting our Debt**

### ***Senior Credit Facilities***

As of September 30, 2010, our Senior Credit Facilities consisted of (i) our \$290 million Revolving Facility; (ii) our \$1,302 million Term Loan B; and (iii) our \$427 million (\$384 million carrying value) Term Loan C. As of September 30, 2010, we had no borrowings outstanding under our Revolving Facility, and we had approximately \$34 million (U.S. dollar equivalents) of letters of credit and bank guarantees issued and outstanding under our Revolving Facility. All of our Senior Credit Facilities are obligations of Huntsman International and are not direct obligations of Huntsman Corporation.

On September 30, 2010, Huntsman International increased the aggregate amount of revolving commitments available under the Revolving Facility from \$225 million to \$290 million, as provided for in the Fifth Amendment to Credit Agreement, dated March 9, 2010 (discussed below). There are currently no borrowings outstanding under the Revolving Facility.

On March 9, 2010, Huntsman International entered into the Fifth Amendment to Credit Agreement with JPMorgan Chase Bank, N.A., as successor administrative agent and collateral agent, and the other financial institutions party thereto, which amended certain terms of our Senior Credit Facilities. Among other things, the 2010 Amendment:

- replaced Deutsche Bank AG New York Branch as administrative agent, collateral agent and U.K. security trustee with JPMorgan Chase Bank, N.A. as administrative agent and collateral agent and JPMorgan Chase Bank, N.A. or an affiliate thereof as U.K. security trustee;
- extended the stated maturity of the Revolving Facility to March 9, 2014 and provides for optional extensions of such stated maturity date from time to time with the consent of the lenders and subject to certain specified conditions and exceptions;
- limits the aggregate amount of the revolving commitments allowable under the Revolving Facility to an amount up to \$300 million, including \$290 million currently obtained from the lenders;
- terminated a waiver that was entered into on April 16, 2009 with respect to the Leverage Covenant;
- reduces the maximum letter of credit sublimit to \$75 million (not including existing letters of credit issued by Deutsche Bank AG New York Branch) and the maximum swing line sublimit to \$25 million;
- increases the applicable LIBOR margin range on revolving loans by 1.75% to up to 3.50% per annum;
- increases the unused commitment fee percentage to a range of 0.50% to up to 0.75%; and
- amends the mandatory prepayment provisions to permit the reinvestment of certain insurance and condemnation proceeds.

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At the present time, borrowings under the Revolving Facility, Term Loan B and Term Loan C bear interest at LIBOR plus 3.25%, LIBOR plus 1.50% and LIBOR plus 2.25%, respectively. The applicable interest rate of the Revolving Facility and Term Loan B are subject to certain secured leverage ratio thresholds. The Revolving Facility matures on March 9, 2014 (subject to optional extensions from time to time with the consent of the lenders and subject to certain specified conditions and exceptions), Term Loan B matures in 2014 and Term Loan C matures in 2016. Notwithstanding the stated maturity dates, the maturities of the Revolving Facility and the Dollar Term Loans will accelerate if we do not repay or refinance all but \$100 million of Huntsman International's outstanding debt securities on or before three months prior to the maturity dates of such debt securities.

During the nine months ended September 30, 2010, we paid the annual scheduled repayment of \$16 million on Term Loan B and \$5 million on Term Loan C. In addition, we made the following prepayments on our Senior Credit Facilities:

- On April 26, 2010, we prepaid \$124 million on Term Loan B and \$40 million on Term Loan C with cash accumulated in prior periods. In connection with this prepayment, we incurred a loss on early extinguishment of debt of \$5 million.
- On June 22, 2010, we prepaid \$83 million on Term Loan B and \$27 million on Term Loan C with proceeds from the final settlement of insurance claims. See "Note 17. Casualty Losses and Insurance Recoveries—Port Arthur, Texas Plant Fire" to our condensed consolidation financial statements. In connection with this prepayment, we incurred a loss on early extinguishment of debt of \$2 million.

### ***Accounts Receivable Securitization***

Under our A/R Programs, we grant an undivided interest in certain of our trade receivables to bankruptcy-remote special purpose entities. This undivided interest serves as security for the issuance of debt. The A/R Programs provide for financing through a conduit program (in both U.S. dollars and euros). Receivables transferred under the A/R Programs qualified as sales through December 31, 2009. Upon adoption of new accounting guidance in 2010, transfers of accounts receivable under our A/R Programs no longer met the criteria for derecognition. Accordingly, the amounts outstanding under our A/R Programs are accounted for as secured borrowings as of January 1, 2010. See "Note 2. Recently Issued Accounting Pronouncements" to our condensed consolidated financial statements. Our A/R Programs are obligations of Huntsman International and are not direct obligations of Huntsman Corporation.

As of September 30, 2010, under our A/R Programs, we had \$243 million in U.S. dollar equivalents in loans outstanding (consisting of \$55 million and €139 million (approximately \$188 million)). As of September 30, 2010, \$614 million of accounts receivable were pledged as collateral under the A/R Programs. As of December 31, 2009, the A/R Programs had \$254 million in U.S. dollar equivalents in loans outstanding (consisting of \$55 million and €139 million (approximately \$199 million)).

### ***2021 Subordinated Notes***

On September 24, 2010, Huntsman International completed a \$350 million offering of the 2021 Subordinated Notes. We used the net proceeds of \$343 million to redeem a portion of our euro-denominated senior subordinated notes due 2013 (€132 million (approximately \$177 million)) and a portion of U.S. dollar senior subordinated notes due 2014 (\$159 million of which settled on October 12, 2010). See "—Redemption of Notes" below. As of September 30, 2010, \$159 million of these notes were classified as Current portion of long term debt on the accompanying condensed consolidated balance sheets (unaudited).

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The 2021 Subordinated Notes bear interest at the rate of 8.625% per annum payable semi-annually on March 15 and September 15 beginning on March 15, 2011. The 2021 Subordinated Notes will mature on March 15, 2021. At any time prior to September 15, 2013, Huntsman International may redeem up to 40% of the aggregate principal amount of the 2021 Subordinated Notes with the net cash proceeds of certain equity offerings. Huntsman International may redeem the 2021 Subordinated Notes in whole or in part prior to September 15, 2015 at a price equal to 100% of the principal amount thereof plus a "make-whole" premium. The 2021 Subordinated Notes are redeemable on or after September 15, 2015 at 104.3125%, declining ratably to par on or after September 15, 2018.

The 2021 Subordinated Notes are general unsecured senior subordinated obligations of Huntsman International and are guaranteed on a general unsecured senior subordinated basis by substantially all of Huntsman International's domestic subsidiaries and certain foreign subsidiaries. The indenture governing the 2021 Subordinated Notes imposes certain limitations on the ability of Huntsman International and its subsidiaries to, among other things, incur additional indebtedness, pay dividends or make certain other restricted payments, enter into transactions with affiliates, create dividend or other payment restrictions affecting restricted subsidiaries and merge or consolidate with any other person, sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets or adopt a plan of liquidation.

Upon the occurrence of certain change of control events, holders of the 2021 Subordinated Notes will have the right to require that Huntsman International purchase all or a portion of such holder's 2021 Subordinated Notes in cash at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase.

### ***2020 Subordinated Notes***

On March 17, 2010, Huntsman International completed a \$350 million offering of the 2020 Subordinated Notes. We used the net proceeds of \$343 million to redeem a portion of our euro-denominated senior subordinated notes due 2013 (€184 million (approximately \$253 million)) and a portion of our euro-denominated senior subordinated notes due 2015 (€59 million (approximately \$81 million)). See "—Redemption of Notes" below.

At any time prior to March 15, 2013, Huntsman International may redeem up to 40% of the aggregate principal amount of the 2020 Subordinated Notes with the net cash proceeds of certain equity offerings. Huntsman International may redeem the 2020 Subordinated Notes in whole or in part prior to March 15, 2015 at a price equal to 100% of the principal amount thereof plus a "make-whole" premium. The 2020 Subordinated Notes are redeemable on or after March 15, 2015 at 104.3125%, declining ratably to par on or after March 15, 2018.

Interest is payable on the 2020 Subordinated Notes semiannually on March 15 and September 15 of each year. The 2020 Subordinated Notes are general unsecured senior subordinated obligations of Huntsman International and are guaranteed on a general unsecured senior subordinated basis by our Subsidiary Guarantors. The indenture governing the 2020 Subordinated Notes contains covenants relating to, among other things, the following: the incurrence of additional indebtedness; the payment of dividends and the payment of certain other restricted payments; transactions with affiliates; creating dividend or other payment restrictions affecting restricted subsidiaries; the merger or consolidation with any other person or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of its assets; or the adoption of a plan of liquidation.

### ***Redemption of Notes***

On October 12, 2010, Huntsman International repaid \$159 million of its 7.875% senior subordinated notes due 2014. The amount paid to redeem the notes, excluding accrued interest, was \$165 million, which included principal of \$159 million and premium of \$6 million. As of September 30,

2010 and prior to this redemption, the 7.875% senior subordinated notes due 2014 had a remaining balance of \$347 million (\$351 million carrying value). After the redemption, the 7.875% senior subordinated notes due 2014 have a remaining balance of \$188 million (carrying value of \$190). During the fourth quarter of 2010, we expect to recognize a loss on early extinguishment of debt of approximately \$7 million related to the partial redemption of these notes.

On September 27, 2010, Huntsman International repaid €132 million (approximately \$177 million) of its 6.875% senior subordinated notes due 2013. The amount paid to redeem the notes, excluding accrued interest, was €137 million (approximately \$183 million), which included principal of €132 million (approximately \$177 million) and premium of €5 million (approximately \$6 million). As of September 30, 2010, the 6.875% senior subordinated notes due 2013 have a remaining balance of €84 million (approximately \$113 million).

On March 17, 2010, Huntsman International repaid €184 million (approximately \$253 million) of its 6.875% senior subordinated notes due 2013. The amount paid to redeem the notes, excluding accrued interest, was €189 million (approximately \$259 million), which included principal of €184 million (approximately \$253 million) and premium of €5 million (approximately \$7 million).

On March 17, 2010, Huntsman International repaid €59 million (approximately \$81 million) of its 7.5% senior subordinated notes due 2015. The amount paid to redeem the notes, excluding accrued interest, was €59 million (approximately \$81 million). As of September 30, 2010, the 7.5% senior subordinated notes due 2015 have a remaining balance of €76 million (approximately \$103 million).

On January 11, 2010, we repurchased the entire \$250 million principal amount of our outstanding Convertible Notes for approximately \$382 million from Apollo and its affiliates. The Convertible Notes were issued to Apollo in December 2008. The Convertible Notes, which would have matured on December 23, 2018, bore interest at 7% per annum and were convertible into approximately 31.8 million shares of our common stock. As a result of the repurchase of the Convertible Notes, we recorded a loss on early extinguishment of debt in the first quarter of 2010 of \$146 million.

On July 23, 2009, Huntsman International redeemed in full all of its \$296 million 11.625% senior secured notes due October 2010. The total redemption payment, excluding accrued interest was \$305 million, which included principal of \$296 million and a call premium of approximately \$9 million.

On August 3, 2009, Huntsman International redeemed in full all of its \$198 million 11.5% senior notes due July 2012. The total redemption payment, excluding accrued interest, was \$204 million, which included principal of \$198 million and a call premium of \$6 million.

In connection with these redemptions, we recorded a loss on early extinguishment of debt for the three and nine months ended September 30, 2010 of \$7 million and \$162 million, respectively and for the three and nine months ended September 30, 2009 of \$21 million each. Huntsman International recorded a loss on early extinguishment of debt for the three and nine months ended September 30, 2010 of \$7 million and \$16 million, respectively, and for the three and nine months ended September 30, 2009 of \$21 million each.

#### ***Variable Interest Entity Debt***

AAC has the following loan commitments and debt financing:

- A loan facility from SIDF for SR 466 million (approximately \$124 million), of which SR 454 million (approximately \$121 million) was outstanding as of September 30, 2010. Repayment of the loan is to be made in 14 semi-annual installments that are currently scheduled to commence in 2012 with final maturity in 2018. The loan is secured by a mortgage over the fixed assets of the project and is 100% guaranteed by the Zamil Group, our 50% joint venture partner.

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- A bridge loan for purposes of bridging the SIDF Facility. As of September 30, 2010, SR 27 million (approximately \$7 million) was outstanding under this facility. The facility is scheduled to mature in 2021.
- A multi-purpose Islamic term facility which, as of September 30, 2010, had \$63 million outstanding. This facility is scheduled to be repaid in 22 semi-annual installments commencing in 2011.
- A working capital loan facility up to \$8 million. As of September 30, 2010, \$8 million was outstanding under this facility. This facility matures in 2021. This working capital facility is classified as Current portion of debt on the accompanying condensed consolidated balance sheets (unaudited).

### ***Other Debt***

On April 1, 2010, our \$25 million European overdraft facility was terminated. This facility was a demand facility used for the working capital needs of our European subsidiaries. In September 2010, we replaced this facility with a new \$25 million European overdraft facility that is a demand facility we will use for the working capital needs of our European subsidiaries. In addition, we continue to maintain certain other foreign overdraft facilities used for working capital needs.

HPS obtained secured loans for the construction of its MDI production facility. This debt consists of various committed loans, including both U.S. dollar and RMB term loans and RMB working capital loans. During the nine months ended September 30, 2010, HPS refinanced RMB 130 million (approximately \$19 million) in working capital loans that were scheduled to be repaid during the quarter. The loans were refinanced for three years at the same interest rate of 90% of the Peoples Bank of China rate, which was 4.9% as of September 30, 2010.

HPS has a loan facility for the purpose of discounting commercial drafts with recourse. The facility has a stated capacity for discounting up to CNY700 million (approximately \$105 million) and drafts are discounted using a discount rate of the three-month SHIBOR plus 2.2%. The facility agreement is for one year and is renewed annually. During the three months ended September 30, 2010, the facility was extended from July 2010 to June 2011. As of September 30, 2010, HPS has discounted with recourse CNY647 million (approximately \$97 million) of commercial drafts, all of which is classified as Current portion of debt on the accompanying condensed consolidated balance sheets (unaudited). While the facility has a maturity of June 2011, the lender has the right to accept or reject drafts presented for discounting.

On June 30, 2010, we amended certain credit facilities used by certain of our Australian subsidiaries (the "Australian Credit Facilities"). The amendment, among other things, extended the maturity of the facility to June 2015 and amended the interest rate to the Australian index rate plus a margin of 3.75% for borrowings under the revolving facility and 3.5% for borrowings under the term facility, so long as a guarantee remains in place from Huntsman Corporation. In addition, the amendment provides that the revolving facility collateral includes the secured interest in certain receivables. As of September 30, 2010, the aggregate balance outstanding under the Australian Credit Facilities was A\$30 million (approximately \$30 million), of which \$16 million is classified as Current portion of long term debt on the accompanying condensed consolidated balance sheets).

During the third quarter of 2010, we incurred other debt related to the financing of our insurance premiums in connection with our annual renewal in July 2010. As of September 30, 2010, the outstanding amount of financed insurance premiums was \$23 million, all of which was classified as Current portion of debt on the accompanying condensed consolidated balance sheets (unaudited). The insurance premium financing is secured by the prepaid insurance premiums.



## COMPLIANCE WITH COVENANTS

Our management believes that we are in compliance with the covenants contained in the agreements governing our material debt instruments, including our Senior Credit Facilities, our A/R Programs and our notes.

Our Senior Credit Facilities are subject to a single financial covenant, the Leverage Covenant, which applies only to the Revolving Facility and is tested at the Huntsman International level. The Leverage Covenant is applicable only if borrowings, letters of credit or guarantees are outstanding under the Revolving Facility (cash collateralized letters of credit or guarantees are not deemed outstanding). The Leverage Covenant is a net senior secured leverage ratio covenant which requires that Huntsman International's ratio of senior secured debt to EBITDA (as defined in the applicable agreement) is no more than 3.75 to 1.

If in the future Huntsman International failed to comply with the Leverage Covenant, then we would not have access to liquidity under our Revolving Facility. If Huntsman International failed to comply with the Leverage Covenant at a time when we had loans or letters of credit outstanding under the Revolving Facility, Huntsman International would be in default under the Senior Credit Facilities, and, unless Huntsman International obtained a waiver or forbearance with respect to such default (as to which we can provide no assurance), Huntsman International could be required to pay off the balance of the Senior Credit Facilities in full, and we would not have further access to such facilities.

The agreements governing our A/R Programs also contain certain financial covenants. Any material failure to meet the applicable A/R Program's covenants in the future could lead to an event of default under the A/R Programs, which could require us to cease our use of such facilities. Under these circumstances, unless any default was remedied or waived, we would likely lose the ability to obtain financing with respect to our trade receivables. A material default under the A/R Programs would also constitute an event of default under our Senior Credit Facilities, which could require us to pay off the balance of the Senior Credit Facilities in full and could result in the loss of our Senior Credit Facilities.

### Short-Term and Long-Term Liquidity

We depend upon our cash, credit facilities, A/R Programs and other debt instruments to provide liquidity for our operations and working capital needs. As of September 30, 2010, we had \$1,471 million of combined cash and unused borrowing capacity, consisting of \$1,011 million in cash and restricted cash, \$256 million in availability under our Revolving Facility, and \$204 million in availability under our A/R Programs.

On March 9, 2010, Huntsman International entered into the 2010 Amendment to its existing Senior Credit Facilities. See "— Transactions Affecting our Debt" above. Among other things the 2010 Amendment limits the aggregate amount of revolving commitments allowable under the Revolving Facility to an amount up to \$300 million. On September 30, 2010, Huntsman International increased the aggregate amount of revolving commitments available under the Revolving Facility from \$225 million to \$290 million. There are currently no borrowings under the Revolving Facility, and we had approximately \$34 million (U.S. dollar equivalents) of letters of credit and bank guarantees issued and outstanding under this facility.

Our liquidity can be significantly impacted by various factors. Concerning changes in working capital components for the nine months ended September 30, 2010, our accounts receivable (excluding the \$254 million effect of the on-balance sheet treatment of the A/R Programs) and inventory, net of accounts payable, increased by approximately \$441 million, as reflected in our condensed consolidated statement of cash flows (unaudited). We expect volatility in our working capital components to continue.

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On September 8, 2009, we announced the closure of our styrenics facility located at West Footscray, Australia. We ceased the Australian styrenics operations during the first quarter of 2010. During 2009, we recorded closure costs of approximately \$63 million (\$25 million primarily in severance, \$8 million of contract termination costs and a \$30 million preliminary estimate of environmental remediation costs) and incurred other closure related costs of approximately \$5 million in the first quarter of 2010. We can provide no assurance that the eventual environmental remediation costs will not be materially different from our current estimate. The closure costs are expected to be funded as they are incurred over the next several years, with severance costs to be paid primarily in 2010. During the nine months ended September 30, 2010, we paid approximately \$21 million of related restructuring costs and have remaining accruals of approximately \$43 million for restructuring and environmental remediation costs as of September 30, 2010 to be paid out at a later date. For a discussion of restructuring, impairment and plant closing costs, see "Note 7. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

On April 29, 2006, our former Port Arthur, Texas olefins manufacturing plant (which we sold to Flint Hills Resources in November 2007) experienced a major fire. The plant was covered by property damage and business interruption insurance, subject to a combined deductible of \$60 million. We asserted claims related to losses occurring as a result of this fire. Our claims were the subject of litigation and an arbitration proceeding. Prior to December 31, 2009, we received payments on insurance claims with respect to the fire totaling \$365 million. On May 14, 2010, we entered into a settlement agreement, pursuant to which we received a final payment totaling \$110 million. As a result of this settlement, we recognized a gain of \$110 million in discontinued operations during the second quarter of 2010. Of the \$110 million payment, \$34 million was reflected within the statement of cash flows as cash flows from investing activities and the remaining \$76 million was reflected as cash flows from operating activities. See "Note 14. Commitments and Contingencies—Legal Matters—Port Arthur Plant Fire Insurance Litigation" and "Note 17. Casualty Losses and Insurance Recoveries—Port Arthur, Texas Plant Fire" to our condensed consolidated financial statements (unaudited). This settlement results in after tax proceeds to us of \$92 million. In accordance with relevant provisions of the agreements governing our Senior Credit Facilities, on June 22, 2010, we used these proceeds to prepay \$83 million on Term Loan B and \$27 million on Term Loan C.

During the nine months ended September 30, 2010, we made contributions to our pension and postretirement benefit plans of \$100 million. During the remainder of 2010, we expect to contribute an additional amount of approximately \$21 million to these plans.

As of September 30, 2010, we have \$384 million classified as current portion of debt which consists of certain scheduled term payments and various short-term facilities, including but not limited to \$159 million of senior subordinated notes that were redeemed on October 12, 2010, the HPS draft discounting facility in China with \$97 million outstanding, the HPS loan facility with \$33 million of term loans coming due in the next year, our Australian credit facilities with \$16 million classified as current and certain other short term facilities and scheduled amortization payments totaling \$79 million. Although we cannot provide assurances, we intend to renew, repay or extend the majority of these short-term facilities in the current period. In addition, on April 26, 2010 we prepaid \$124 million of Term Loan B and \$40 million of Term loan C with cash accumulated in prior periods and on June 22, 2010, we prepaid \$83 million on Term Loan B and \$27 million on Term Loan C with proceeds from a fire insurance settlement. See "Note 8. Debt—Transactions Affecting our Debt—Senior Credit Facilities" to our condensed consolidated financial statements (unaudited).

In connection with the partial redemption on October 12, 2010 of the senior subordinated notes due 2014, we expect to recognize a loss on early retirement of debt of \$7 million during the fourth quarter of 2010, substantially all of which represented payment of call premiums.

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On October 28, 2010, the Company announced that it had priced an issuance of an additional \$180 million principal amount of 2021 Subordinated Notes through Huntsman International. The closing of the offering is expected to occur on November 21, 2010, subject to satisfaction of customary closing conditions. The Company intends to use all of the net proceeds to redeem the remaining \$188 million aggregate principal amount of its outstanding 7.875% senior subordinated notes due 2014, including payment of interest.

We believe we currently have sufficient liquidity to operate our business. We further believe that the potentially negative effects of the current credit environment on our liquidity have been limited. Huntsman International successfully accessed the credit markets during the nine months ended September 30, 2010 to raise \$350 million of subordinated debt in March 2010 and \$350 million of subordinated debt in September 2010 which we used to redeem existing subordinated debt, and we also completed the 2010 Amendment to our Senior Credit Facilities which, among other things, extended the maturity of our Revolving Facility by four years to March 2014. See "Note 8. Debt" to our condensed consolidated financial statements (unaudited).

On July 31, 2010, we announced that we entered into a definitive agreement to acquire the Laffans chemical business. Located in Ankleshwar, India, Laffans manufactures amines and surfactants, had annual 2009 sales of approximately \$45 million and has 130 employees. The acquisition, with a cost of approximately \$21 million, including debt, a non-compete agreement and other obligations, is subject to certain terms and conditions and is expected to occur in the first half of 2011. The acquired business will be integrated into our Performance Products segment.

### **Capital Expenditures**

During 2010, we expect to spend between \$200 million and \$225 million, net of reimbursements, for capital expenditures. During the nine months ended September 30, 2010 we received \$110 million from the settlement of our insurance claims related to the 2006 fire at our Port Arthur Texas plant, \$34 million of which was considered as a reimbursement of capital expenditures. We expect to fund capital expenditures through a combination of available cash and cash flows from operations.

### **Receivables Securitization**

Receivables transferred under our A/R Programs qualified as sales through December 31, 2009. Upon adoption of new accounting guidance in 2010, transfers of accounts receivable under our A/R Programs no longer met the criteria for derecognition. Accordingly, the amounts outstanding under our A/R Programs are accounted for as secured borrowings as of January 1, 2010. For a discussion of our A/R Programs, see "Note 8. Debt—Transactions Affecting Our Debt—Accounts Receivable Securitization" to our condensed consolidated financial statements (unaudited).

### **Guarantees**

AAC obtained various loan commitments in the aggregate amount of approximately \$195 million (U.S. dollar equivalents), of which \$192 million was drawn and outstanding as of September 30, 2010. We have provided certain guarantees of approximately \$14 million for these commitments and our guarantees will terminate upon completion of the project and satisfaction of certain other conditions. A \$1 million guarantee will be provided after project completion. We have estimated that the fair value of such guarantees was nil as of the closing date of this transaction and, accordingly, no amounts have been recorded.

### **Restructuring, Impairment and Plant Closing Costs**

For a discussion of restructuring, impairment and plant closing costs, see "Note 7. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

## **Legal Proceedings**

For a discussion of legal proceedings, see "Note 14. Commitments and Contingencies—Legal Matters" and "Note 15. Environmental, Health and Safety Matters" to our condensed consolidated financial statements (unaudited).

## **Environmental, Health and Safety Matters**

For a discussion of environmental, health and safety matters, see "Note 15. Environmental, Health and Safety Matters" to our condensed consolidated financial statements (unaudited).

## **Recently Issued Accounting Pronouncements**

For a discussion of recently issued accounting pronouncements, see "Note 2. Recently Issued Accounting Pronouncements" to our condensed consolidated financial statements (unaudited).

## **Critical Accounting Policies**

Our critical accounting policies are presented in Management's Discussion and Analysis of Financial Condition and Results of Operations statements included in the Annual Report on Form 10-K for the year ended December 31, 2009 for our Company and Huntsman International filed on February 19, 2010 and updated by our Form 8-K filed on June 8, 2010.

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

On January 19, 2010, we entered into an additional five-year interest rate contract to hedge the variability caused by monthly changes in cash flow due to associated changes in LIBOR under our Senior Credit Facilities. The notional value of the contract is \$50 million and was designated as a cash flow hedge. The effective portion of the changes in the fair value of the swap was recorded in other comprehensive loss. We will pay a fixed 2.8% on the hedge and receive the one-month LIBOR rate. As of September 30, 2010, the fair value of the hedge was \$3 million and is recorded in other noncurrent liabilities.

Beginning in 2009, AAC entered into a 12 year floating to fixed interest rate contract providing to us LIBOR interest payments for a fixed payment of 5.02%. In connection with the consolidation of AAC as of July 1, 2010, the interest rate contract is now consolidated by Huntsman International. See Note 6 "Variable Interest Entities." The notional amount of the hedge as of September 30, 2010 is \$63 million and the interest rate contract is not designated as a cash flow hedge. As of September 30, 2010, the fair value of the hedge was \$7 million and was recorded in Other noncurrent liabilities on the accompany condensed consolidated balance sheets (unaudited). For the quarter ended September 30, 2010 we recorded interest expense of \$1 million.

In conjunction with the issuance of our 2020 Subordinated Notes, we entered into cross-currency interest rate contracts with three counterparties. On March 17, 2010, we made payments of \$350 million to these counterparties and received €255 million from these counterparties, and on maturity, March 15, 2015; we are required to pay €255 million to these counterparties and will receive \$350 million from these counterparties. On March 15 and September 15 of each year, we will receive U.S. dollar interest payments of approximately \$15 million (equivalent to an annual rate of 8.625%) and make interest payments of approximately €11 million (equivalent to an annual rate of approximately 8.41%). This swap is designated as a hedge of net investment for financial reporting purposes. As of September 30, 2010, the fair value of this swap was \$15 million and was recorded as noncurrent assets in our condensed consolidated balance sheet (unaudited). For the three and nine months ended September 30, 2010, the effective portion of the changes in the fair value of \$(34) million and \$3 million, respectively, was recorded in other comprehensive income, with the

ineffective portion of \$(2) million and \$12 million, respectively, recorded as an (addition) reduction to interest expense. On July 15, 2010, we changed the method of assessing the effectiveness of this hedge from the spot method to the forward method, which we believe will reduce the ineffective portion and lower volatility in interest expense in future periods.

Otherwise, we do not believe there are any material changes to our market risks from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2009.

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

Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of September 30, 2010. Based on this evaluation, our chief executive officer and chief financial officer have concluded that, as of September 30, 2010, our disclosure controls and procedures were effective, in that they ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms, and (2) accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

No changes to our internal control over financial reporting occurred during the three months ended September 30, 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). However, we can only give reasonable assurance that our internal controls over financial reporting will prevent or detect material misstatements on a timely basis. Ineffective internal controls over financial reporting could cause investors to lose confidence in our reported financial information and could result in a lower trading price for our securities.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

On occasion, we receive notices of violation, enforcement or other complaints from regulatory agencies alleging non-compliance with applicable EHS laws. Based on currently available information and our past experience, we do not believe that the resolution of any pending or threatened environmental enforcement proceedings will have a material impact on our financial condition, results of operations or cash flows.

During the period from 2007 through 2009, our Performance Products business' surfactants manufacturing facility located in New South Wales, Australia experienced five reported releases of ethylene oxide and propylene oxide, both raw materials used in the manufacturing process. As a consequence of these releases, the site received and responded to information requests and physical inspections from WorkCover NSW and/or the Department of Environment, Climate Change and Water NSW, both regulatory agencies with oversight authority for the facility. Subsequent to these inquiries, by letter dated September 10, 2010, the New South Wales EPA, notified us that it had commenced a court proceeding regarding the fifth ethylene oxide release which occurred on October 28, 2009. The authorities allege a breach of a condition of our operating license, but have not alleged that a pollution event occurred. This matter remains unresolved at the current time.

### OTHER LEGAL PROCEEDINGS

For a discussion of other legal proceedings, see "Note 14. Commitments and Contingencies—Legal Matters" and "Note 15. Environmental, Health and Safety Matters—Remediation Liabilities" to our condensed consolidated financial statements (unaudited).

### ITEM 1A. RISK FACTORS

For information regarding risk factors, see "Part I. Item 1A. Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2009.

### ITEM 6. EXHIBITS

- 4.1 Indenture, dated as of September 24, 2010, by and among Huntsman International LLC, the subsidiary guarantors named therein and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to our current report on Form 8-K filed on September 30, 2010)
- 4.2 Form of 8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Note (included as Exhibit A to Exhibit 4.1) (incorporated by reference to Exhibit 4.2 to our current report on Form 8-K filed on September 30, 2010)
- 4.3 Form of Guarantee (included as Exhibit E to Exhibit 4.1) (incorporated by reference to Exhibit 4.3 to our current report on Form 8-K filed on September 30, 2010)
- 10.1 Registration Rights Agreement, dated as of September 24, 2010, by and among Huntsman International LLC, the subsidiary guarantors named therein and Goldman, Sachs & Co., J.P. Morgan Securities LLC, Barclays Capital Inc., Banc of America Securities LLC, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and HSBC Securities (USA) Inc. (incorporated by reference to Exhibit 10.1 to our current report on Form 8-K filed on September 30, 2010)
- 10.2 Certain exhibits and schedules to Exhibit A to the Fifth Amendment to Credit Agreement, dated as of March 9, 2010, which was previously filed as Exhibit 10.1 to our quarterly report on Form 10-Q filed May 7, 2010

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- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
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- 101 The following financial information from the Quarterly Report on Form 10-Q of Huntsman Corporation and Huntsman International LLC for the quarter ended September 30, 2010, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at September 30, 2010 and December 31, 2009 for each of Huntsman Corporation and Huntsman International LLC; (ii) Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and six months ended September 30, 2010 and 2009 for each of Huntsman Corporation and Huntsman International LLC; (iii) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2010 and 2009 for each of Huntsman Corporation and Huntsman International LLC; (iv) Condensed Consolidated Statements of Equity for each of Huntsman Corporation and Huntsman International LLC; and (v) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.\*

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\* Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.





## EXHIBIT INDEX

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**Exhibit 10.2**

**Explanatory Note**

The following are certain exhibits and schedules referenced in *Exhibit A* to the Fifth Amendment to Credit Agreement dated as of March 9, 2010, previously filed as Exhibit 10.1 to our quarterly report on Form 10-Q filed on May 7, 2010. Schedules included herein are current as of September 30, 2010.

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**FORM OF  
TERM B DOLLAR NOTE**

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**FORM OF  
TERM B DOLLAR NOTE**

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New York, New York  
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FOR VALUE RECEIVED, the undersigned, Huntsman International LLC, a Delaware limited liability company ("Borrower"), hereby unconditionally promises to pay to the order of \_\_\_\_\_ or its registered assigns (the "Lender") at the office of Deutsche Bank AG New York Branch, located at 90 Hudson Street, 5th Floor, Jersey City, New Jersey 07302, in lawful money of the United States of America and in immediately available funds, the principal amount of (a) \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), or, if less, (b) the aggregate unpaid principal amount of the Term B Dollar Loan made by the Lender to Borrower pursuant to Section 2.1(a) of the Credit Agreement hereinafter referred to. The principal amount of the Term B Dollar Loans evidenced hereby shall be payable in the amounts and at the times set forth in the Credit Agreement, including, without limitation, such Lender's Term B Dollar Pro Rata Share of the amounts specified in the definition of Scheduled Term B Dollar Repayments, with any then outstanding principal amount of the Term B Dollar Loan evidenced hereby being payable on the Term B Loan Maturity Date. Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time outstanding at the applicable interest rate per annum determined as provided in, and payable as specified in, Articles III and IV of the Credit Agreement.

The holder of this Term B Dollar Note is authorized to record the date, Type and amount of the Term B Dollar Loan made by the Lender pursuant to Section 2.1 of the Credit Agreement, each conversion thereof, the date of each interest rate continuation pursuant to Section 2.6 of the Credit Agreement and the principal amount subject thereto, the date and amount of each payment or prepayment of principal hereof, and in the case of each Eurocurrency Loan, the length of the Interest Period with respect thereto on the records of the Lender, and any such recordation shall (in the absence of manifest error) constitute *prima facie* evidence of the accuracy of the information endorsed; provided, however, that the failure to make any such endorsement shall not affect the obligations of Borrower in respect of the Term B Dollar Loan.

This Term B Dollar Note is one of the Term B Dollar Notes referred to in the Credit Agreement dated as of August 16, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Borrower, Deutsche Bank AG New York Branch, as Administrative Agent for the Lenders, Deutsche Bank Securities Inc., as Joint Lead Arranger and Joint Book Runner, Credit Suisse as Joint Lead Arranger and Joint Book Runner, Citigroup Global Markets Inc., as Joint Book Runner, and the financial institutions signatory thereto, and is subject to the provisions thereof, and is subject to optional and mandatory prepayment in whole or in part as provided therein. Terms defined in the Credit Agreement are used herein with their defined meanings unless otherwise defined herein.

Upon the occurrence and during the continuance of any one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Term B Dollar Note may become, or may be declared to be, immediately due and payable, all as provided therein.

All parties now and hereafter liable with respect to this Term B Dollar Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

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**THIS TERM B DOLLAR NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK.**

HUNTSMAN INTERNATIONAL LLC

By:

Name:

Title:

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**FORM OF SECTION 4.7(d)(i) CERTIFICATE**

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**FORM OF SECTION 4.7(d)(i) CERTIFICATE**

Reference is hereby made to the Credit Agreement, dated as of August 16, 2005, among Huntsman International LLC, a Delaware limited liability company, Deutsche Bank AG New York Branch, as Administrative Agent for the Lenders, Deutsche Bank Securities Inc., as Joint Lead Arranger and Joint Book Runner, Credit Suisse as Joint Lead Arranger and Joint Book Runner, Citigroup Global Markets Inc., as Joint Book Runner, and the financial institutions signatory thereto (the "Credit Agreement"). Pursuant to the provisions of Section 4.7(d)(i) of the Credit Agreement, the undersigned hereby certifies that it is not a "bank" as such term is used in Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended.

[NAME OF LENDER]

By \_\_\_\_\_

Name:

Title:

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**FORM OF PLEDGE AGREEMENT**

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**PLEDGE AGREEMENT**

**dated as of August 16, 2005**

**by and among**

**HUNTSMAN INTERNATIONAL LLC,**

**CERTAIN SUBSIDIARIES OF HUNTSMAN INTERNATIONAL LLC**

**FROM TIME TO TIME PARTY HERETO**

**and**

**DEUTSCHE BANK AG NEW YORK BRANCH,  
AS COLLATERAL AGENT**

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EXHIBIT A — Form of Supplement to Pledge Agreement

## PLEDGE AGREEMENT

PLEDGE AGREEMENT (as amended, restated, supplemented, replaced or otherwise modified from time to time, this "*Agreement*"), dated as of August 16, 2005, is by and among each of the undersigned (each, an "*Pledgor*" and, together with any other entity that becomes a party hereto pursuant to *Section 11.2(d)* hereof, collectively, the "*Pledgors*") and DEUTSCHE BANK AG NEW YORK BRANCH, as Collateral Agent for the benefit of (i) the Lenders and the Administrative Agent under the Credit Agreement hereinafter referred to; (ii) if one or more Lenders (or any Affiliate thereof) has heretofore entered into or hereafter enters into one or more Interest Rate Agreements or Other Hedging Agreements permitted pursuant to *Section 8.2(e)* of the Credit Agreement with, or guaranteed by, the Borrower or any of its Subsidiaries, any such Lender or Lenders or any Affiliate of such Lender or Lenders (even if the respective Lender subsequently ceases to be a Lender under the Credit Agreement for any reason) so long as any such Lender or Affiliate participates in the extension of such Interest Rate Agreements or Other Hedging Agreements and their subsequent assigns, if any (collectively, the "*Secured Hedging Agreements*"); and (iii) one or more financial institutions from time to time party to Overdraft Facilities Agreements with, or guaranteed by, the Borrower or any of its Subsidiaries (collectively the "*Secured Parties*" or the "*Secured Party*"). The meaning of capitalized terms used herein shall be determined in accordance with *Section 11.13* hereof.

### WITNESSETH:

WHEREAS, Huntsman International LLC, a Delaware limited liability company (the "*Borrower*" or the "*Company*"), the financial institutions (the "*Lenders*") from time to time party thereto, Deutsche Bank AG New York Branch, as administrative agent (together with any successor agent, the "*Administrative Agent*"), Deutsche Bank Securities Inc., as joint lead arranger and joint book runner, Citigroup Global Markets Inc., as co-syndication agent, joint lead arranger and joint book runner and Credit Suisse, as co-syndication agent and joint book runner, are contemporaneously herewith entering into a Credit Agreement dated as of the date hereof (the "*Credit Agreement*", as the same may hereafter be amended, modified, extended, renewed, replaced, restated, waived or supplemented from time to time, and including any agreement extending the maturity of or restructuring of all or any portion of the Indebtedness under such agreement or any successor agreements);

WHEREAS, the Borrower or any of its Subsidiaries may have from time to time before the date hereof, entered into, or guaranteed, one or more Interest Rate Agreements or Other Hedging Agreements each as described on *Schedule A* hereto (collectively, the "*Existing Hedging Agreements*");

WHEREAS, on the Closing Date, Huntsman LLC, a Utah limited liability company ("*HLLC*"), will merge with and into the Borrower, with the Borrower as the surviving entity;

WHEREAS, the Borrower or any of its Subsidiaries may at any time and from time to time enter into, or guarantee, one or more Interest Rate Agreements or Other Hedging Agreements;

WHEREAS, the Borrower or any of its Subsidiaries may at any time and from time to time enter into, or guarantee, one or more loan agreements evidencing the Overdraft Facilities (the "*Overdraft Facilities Agreements*");

WHEREAS, pursuant to the Subsidiary Guaranty, each Pledgor (other than the Borrower) has jointly and severally guaranteed to the Secured Parties the payment when due of all obligations of Borrower and the other Pledgors under or with respect to the Loan Documents, the Secured Hedging Agreements and the Overdraft Facilities Agreements;

WHEREAS, Huntsman Headquarters Corporation has guaranteed to the Secured Parties the payment when due of all obligations of Borrower and the other Pledgors under or with respect to the Loan Documents, the Secured Hedging Agreements and the Overdraft Facilities Agreements; and

WHEREAS, each Pledgor desires to execute this Agreement in order to satisfy the conditions under the Credit Agreement.

---

NOW, THEREFORE, in consideration of the extensions of credit to be made to each Pledgor and other benefits accruing to each Pledgor, the receipt and sufficiency of which are hereby acknowledged, each Pledgor hereby covenants and agrees with the Collateral Agent for the benefit of the Secured Parties as follows:

## ARTICLE I

### SECURITY INTERESTS

**1.1 Grant of Security Interests.** (a) As collateral security for the prompt and complete payment and performance of the Secured Obligations when due, and to induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to make the Loans and provide the other financial accommodations to Borrower contemplated therein, each such Pledgor does hereby grant, pledge, assign and transfer unto the Collateral Agent, in its capacity as Collateral Agent hereunder for the benefit of the Secured Parties, a continuing security interest of first priority in all of the right, title and interest of such Pledgor in, to and under all of the following, whether now existing or hereafter from time to time arising, and whether now owned or hereafter from time to time acquired or created: (i)(A) all Investment Property and General Intangibles consisting of Capital Stock (as defined in the Senior Secured Notes Indenture) of Subsidiaries (as defined in the Senior Secured Notes Indenture) of the Borrower or of any Guarantor (as defined in the Senior Secured Notes Indenture) described in *Schedule B* (as it may, from time to time, be supplemented in accordance with the terms hereof); (B) all other Investment Property and General Intangibles consisting of Capital Stock (as defined in the Senior Secured Notes Indenture) of Subsidiaries (as defined in the Senior Secured Notes Indenture) of the Borrower or of any Guarantor (as defined in the Senior Secured Notes Indenture); provided that, subject to Section 7.13 of the Credit Agreement and the last paragraph of *Section 1.2* hereof, in the case of this clause (B), each Pledgor's grant, pledge, assignment and transfer of Pledgor's right, title, and interest in Foreign Subsidiaries extends to only 65% of the Capital Stock or other equity interests of first-tier Foreign Subsidiaries of such Pledgor; and (C) all Stock Rights of each Pledgor with respect to its Pledged Stock, and (ii) all Proceeds and products of any and all of the foregoing (including, without limitation, all insurance and claims for insurance effected or held for the benefit of such Pledgor in respect thereof) (all of the above, as limited below in *Sections 1.1(c)* and *1.1(d)*, collectively, the "*Collateral*"); provided, however, that the security interests granted hereunder shall only cover any Pledgor's right, title and interest in any asset subject to liens described in clause (2) of Section 8.1(h) of the Credit Agreement, to the extent that the Lender (as defined in that certain Loan Agreement by and among Huntsman Headquarters Corporation, Huntsman Petrochemical Corporation, Huntsman Chemical Corporation, Huntsman Packaging Corporation and U.S. Bank of Utah dated as of December 17, 1996 (the "*Headquarters Loan Agreement*") has consented to the grant by Huntsman Headquarters Corporation of a security interest in any Collateral (as defined in the Headquarters Loan Agreement) hereunder.

(b) The security interests of the Collateral Agent under this Agreement extend to all Collateral of the kind which is the subject of this Agreement (but subject to the limitations contained in this Agreement, including the limitations set forth in *Section 1.1(a)(i)(B)*) hereof which any Pledgor may acquire at any time during the continuation of this Agreement.

(c) The Collateral shall not include any property or assets (whether tangible or intangible, including without limitation, Capital Stock) or any right, title or interest in respect thereof (i) which is subject to an agreement that expressly prohibits the assignment thereof, or the creation of a security interest therein (including, without limitation, a Permitted Accounts Receivables Securitization and the Joint Venture Agreement of Louisiana Pigment Company as it relates to the Capital Stock of TAI), (ii) to the extent that any law or regulation applicable to such rights or property prohibits the assignment thereof or the creation of a security interest therein and (iii) to the extent that such collateral is not required to be pledged under Section 7.11(a), (c), (d) or (e) of the Credit Agreement;

provided, however, that such rights and property described in the preceding clauses (i) and (ii) shall be excluded from the Collateral only to the extent and for so long as such agreement (in the case of clause (i)) or such law (in the case of clause (ii)) continues to expressly prohibit the creation of such security interest, and upon the expiration of such prohibition, the rights and property as to which such prohibition previously applied shall automatically be included in the Collateral, without further action on the part of the Pledgor or the Collateral Agent.

(d) Notwithstanding *Sections 1.1(a)* and *(b)*, for the avoidance of doubt, Collateral shall not include Capital Stock and equity interests, or portions thereof, of Persons organized outside the United States which would otherwise be required to be pledged to the Collateral Agent pursuant to the terms hereof ("*Foreign Equity Interests*") but which are pledged pursuant to collateral documents ("*Foreign Pledge Documents*") governed by the laws of a jurisdiction other than any State or Federal laws of the United States of America, including, without limitation, the Capital Stock of TG and the Capital Stock representing 65% of the combined voting power of UK Holdco 1.

**1.2 Delivery of Pledged Stock.** The certificates representing the Pledged Stock listed on Schedule B (other than Pledge Stock which is not certificated) shall be delivered to the Collateral Agent contemporaneously herewith together with appropriate undated stock powers duly executed in blank. Neither the Collateral Agent nor any Secured Party shall be obligated to preserve or protect any rights with respect to the Pledged Stock or to receive or give any notice with respect thereto whether or not the Collateral Agent or any Secured Party is deemed to have knowledge of such matters. The Collateral Agent agrees to hold such Pledged Stock, and any other Collateral in its possession for the benefit of the Secured Parties.

Subject to *Section 7.13* of the Credit Agreement, (i) if and to the extent that the Collateral Agent receives or holds stock certificates representing more than 65% of the total combined voting power of all classes of Capital Stock of any Foreign Subsidiary (other than TG) entitled to vote, the Collateral Agent agrees to act as bailee and custodian for the benefit of the Pledgor with respect to any portion of such Capital Stock representing more than 65% of the total combined voting power of all classes of Capital Stock of any such Foreign Subsidiary except as otherwise provided in the last sentence of this *Section 1.2u* and (ii) if following a change in the relevant sections of the Code or the regulations, rules, rulings, notices or other official pronouncements issued or promulgated thereunder which would permit a pledge of 66<sup>2</sup>/<sub>3</sub>% or more of the total combined voting power of all classes of Capital Stock of such Foreign Subsidiary entitled to vote without causing the undistributed earnings of such Foreign Subsidiary as determined for Federal income taxes to be treated as a deemed dividend to the Pledgor for Federal income tax purposes, then the 65% limitation set forth in clause (i) of this paragraph shall no longer be applicable (or shall be adjusted, as appropriate) and the Pledgor shall duly pledge and deliver to the Collateral Agent an additional amount of such Capital Stock equal to the appropriately adjusted percentage limitation minus the amount otherwise required to be pledged pursuant to the first sentence of this *Section 1.2* hereunder.

**1.3 Continued Performance by Pledgor.** The assignments and security interests under this Agreement granted to the Collateral Agent shall not relieve any Pledgor from the performance of any term, covenant, condition or agreement on such Pledgor's part to be performed or observed under or in respect of any of the Collateral pledged by it hereunder or from any liability to any Person under or in respect of any of such Collateral or impose any obligation on the Collateral Agent to perform or observe any such term, covenant, condition or agreement on such Pledgor's part to be so performed or observed or impose any liability on the Collateral Agent for any act or omission on the part of such Pledgor relative thereto or for any breach of any representation or warranty on the part of such Pledgor contained in this Agreement or any other Loan Document, or in respect of the Collateral pledged by it hereunder or made in connection herewith or therewith.



**1.4 Power of Attorney.** By way of securing its obligations hereunder, each Pledgor hereby constitutes and appoints the Collateral Agent its true and lawful attorney, irrevocably, with full power after the occurrence of and during the continuance of an Event of Default (in the name of such Pledgor or otherwise), in the Collateral Agent's discretion, to take any action and to execute any instrument which the Collateral Agent may reasonably deem necessary or advisable to accomplish the purposes of this Agreement, which appointment as attorney is coupled with an interest.

## ARTICLE II

### GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS

**2.1 General Representations, Warranties and Covenants.** In addition to and not in limitation of the representations and warranties of any Pledgor set forth in any other Debt Document to which such Pledgor is a party, each Pledgor represents, warrants and covenants to the Collateral Agent, which representations, warranties and covenants shall survive execution and delivery of this Agreement, as follows:

**(a) Incorporation of Credit Agreement Representations.** The representations and warranties set forth in Article VI of the Credit Agreement as they relate to such Pledgor or to the Loan Documents to which such Pledgor is party, each of which representations is incorporated herein by reference, are true and correct in all material respects and the Collateral Agent shall be entitled to rely on such representations and warranties as if fully set forth herein.

**(b) Title to Pledged Stock.** Such Pledgor is the record and beneficial owner of each share of the Pledged Stock indicated on *Schedule B* as being owned by it. All of such shares of the Pledged Stock are duly authorized, validly issued, fully paid and non-assessable (or, with respect to foreign entities, to the extent such concepts are applicable under the laws under which such entities are organized). Such Pledgor has all requisite rights, power, and authority to pledge and deliver such Pledged Stock to the Collateral Agent pursuant hereto (or, with respect to the Capital Stock that is not certificated, to execute, deliver, record and register any and all pledges or charges on such shares which are necessary or advisable to create a first priority perfected security interest (subject to clauses (i) and (vi) of the definition of "Customary Permitted Liens" in the Credit Agreement) in such shares). Each Pledgor indicated on *Schedule B* as owning shares in a foreign entity has executed and delivered and will promptly following the date hereof record and register, any and all pledges, charges and other instruments necessary to create valid, continuing, perfected Liens (or the equivalent rights under the applicable laws of the relevant foreign jurisdictions) on such Pledged Stock (subject to clauses (i) and (vi) of the definition of "Customary Permitted Liens" in the Credit Agreement) in favor of the Collateral Agent, for the benefit of the Collateral Agent and the Secured Parties.

**(c) Necessary Filings.** Subject to the limitations described in Section 6.21(a) of the Credit Agreement, all documents and instruments for all filings, registrations and recordings necessary or appropriate to create, preserve, protect and perfect the security interests granted by the Pledgors to the Collateral Agent hereby in respect of the Collateral have been delivered by the Pledgors to the Collateral Agent, and, upon the Collateral Agent's accomplishing of all such filings, registrations and recordings, the security interests granted to the Collateral Agent for the benefit of the Collateral Agent and the Secured Parties pursuant to this Agreement in and to the Collateral constitute or shall constitute perfected security interests therein and is or shall be entitled to all the rights, priorities and benefits afforded by the UCC or other relevant law as enacted in any relevant jurisdiction to perfected security interests.

**(d) Other Financing Statements.** As of the date hereof, there is no financing statement (or similar statement or instrument of registration under the law of any jurisdiction) on file or of record in any relevant jurisdiction covering or purporting to cover any interest of any kind in the Collateral, except for (i) those evidencing Permitted Liens and (ii) financing statements evidencing Liens released

on the date hereof (or for which a UCC-3 termination statement or other release satisfactory to the Collateral Agent shall have been previously filed or delivered to the Collateral Agent on the date hereof) and, so long as any of the Secured Obligations are in effect, no Pledgor will authorize to be filed in any public office any financing statement (or similar statement or instrument of registration under the law of any jurisdiction) or statements relating to the Collateral, except financing statements filed to or to be filed in respect of and covering the security interests granted hereby by such Pledgor or for those evidencing Permitted Liens.

**(e) Chief Executive Office; Records.** The chief executive office of each Pledgor is located at the address indicated on *Schedule 2.1(e)* hereto for such Pledgor. No Pledgor shall move its chief executive office until (i) it shall have given to the Collateral Agent not less than 30 days' (or such shorter period as may be acceptable to the Collateral Agent) prior written notice of its intention to do so, clearly describing such new location and providing such other information in connection therewith as the Collateral Agent may reasonably request, (ii) with respect to such new location, it shall have taken all action, reasonably satisfactory to the Collateral Agent, to maintain the security interests of the Collateral Agent in the Collateral intended to be granted and perfected hereby at all times fully perfected and in full force and effect, (iii) at the reasonable request of the Collateral Agent, it shall have furnished an opinion of counsel acceptable to the Collateral Agent to the effect that all financing or continuation statements and amendments or supplements thereto have been filed in the appropriate filing office or offices, and all other actions (including, without limitation, the payment of all filing fees and taxes, if any, payable in connection with such filings) have been taken, in order to perfect (and maintain the perfection and priority of) the security interests granted hereby and (iv) the Collateral Agent shall have received evidence that all other actions (including, without limitation, the payment of all filing fees and taxes, if any, payable in connection with such filings) have been taken, in order to perfect (and maintain the perfection and priority of) the security interests granted hereby.

**(f) Trade Names; Change of Name.** The true and correct corporation identification number (if applicable) or other applicable formation identification number (if applicable) of each Pledgor, the exact legal name of each Pledgor as it appears in official filings in the state of its incorporation or organization and the jurisdiction of incorporation or organization of each Pledgor is set forth on *Schedule 2.1(f)*. No Pledgor shall change its legal name or assume or operate in any jurisdiction under any trade, fictitious or other name in any manner which might make any financing statement or continuation statement filed in connection therewith misleading within the meaning of Article 9 of the UCC until (i) it shall have given to the Collateral Agent not less than 30 days' prior written notice of its intention so to do, clearly describing such new name and the jurisdictions in which such new name shall be used and providing such other information in connection therewith as the Collateral Agent may reasonably request, (ii) with respect to such new name, it shall have taken all action to maintain the security interests of the Collateral Agent in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect, (iii) at the reasonable request of the Collateral Agent, it shall have furnished an opinion of counsel reasonably acceptable to the Collateral Agent to the effect that all financing or continuation statements and amendments or supplements thereto have been filed in the appropriate filing office or offices, and (iv) the Collateral Agent shall have received evidence reasonably satisfactory to it that all other actions (including, without limitation, the payment of all filing fees and taxes, if any, payable in connection with such filings) have been taken, in order to perfect (and maintain the perfection and priority of) the security interests granted hereby.

**(g) Jurisdiction of Incorporation.** The jurisdiction of incorporation or formation of each Pledgor as of the date hereof is listed *Schedule 2.1(g)*. Without limiting the prohibitions on mergers involving the Pledgors contained in the Credit Agreement, no Pledgor shall reincorporate or reorganize itself under the laws of any jurisdiction other than the jurisdiction in which it is incorporated or organized as of the date hereof unless (i) it shall have given to the Collateral Agent not less than 30 days' prior written notice of its intention to do so, clearly describing such new state of incorporation

or formation, as the case may be, and providing such other information in connection therewith as the Collateral Agent may reasonably request, (ii) with respect to such new state of incorporation or formation, as the case may be, it shall have taken all action, reasonably satisfactory to the Collateral Agent, to maintain the security interest of the Collateral Agent in the Collateral intended to be granted and perfected hereby at all times fully perfected and in full force and effect, (iii) at the reasonable request of the Collateral Agent, it shall have furnished a customary opinion of counsel reasonably acceptable to the Collateral Agent to the effect that all financing or continuation statements and amendments or supplements thereto have been filed in the appropriate filing office or offices, and all other actions (including, without limitation, the payment of all filing fees and taxes, if any, payable in connection with such filings) have been taken, in order to perfect (and maintain the perfection and priority of) the security interest granted hereby and (iv) the Collateral Agent shall have received evidence reasonably satisfactory to it that all other actions (including, without limitation, the payment of all filing fees and taxes, if any, payable in connection with such filings have been taken, in order to perfect (and maintain the perfection and priority of) the security interest granted hereby.

**2.2 Reliance.** All agreements, statements, representations and warranties made by each Pledgor herein or in any certificate or other instrument delivered by such Pledgor or on its behalf under this Agreement shall be considered to have been relied upon by the Secured Parties and shall survive the execution and delivery of this Agreement, the other Loan Documents, the Secured Hedging Agreements and the Overdraft Facilities Agreements regardless of any investigation made by the Secured Parties or on their behalf.

### ARTICLE III

#### PROVISIONS CONCERNING PLEDGED STOCK

From the date hereof and continuing thereafter until this Agreement is terminated pursuant to *Section 12.2*, each Pledgor covenants and agrees with the Collateral Agent and the Secured Parties as follows:

**3.1 Pledge of Additional Stock.** To the extent required by the Credit Agreement, if any Pledgor shall at any time acquire any additional shares of the Capital Stock of any class pledged or required to be pledged hereunder, whether such acquisition shall be by purchase, exchange, reclassification, dividend, or otherwise, or acquire any new Capital Stock, such Pledgor shall forthwith (and without the necessity for any request or demand by the Collateral Agent or any Secured Party) (a) unless such shares are uncertificated shares, deliver such share certificates to the Collateral Agent in the same manner as described in *Section 1.2*, or (b) if such shares are uncertificated shares of Capital Stock, take all actions necessary to grant to the Collateral Agent a perfected security interest in such shares (including the execution, delivery, recording and registering of a pledge or a charge on shares with any and all appropriate company or governmental offices) together with, in either case, a supplement to *Schedule B* reflecting the addition of such additional share certificates of Capital Stock, whereupon such additional share certificates of Capital Stock shall be deemed to be Pledged Stock for all purposes hereunder. Each Pledgor will hold in trust for the Collateral Agent and the Secured Parties upon receipt and immediately thereafter deliver to the Collateral Agent any instrument evidencing or constituting Collateral (except, so long as no Event of Default has occurred and is continuing, ordinary cash dividends, if any, paid with respect to the Pledged Stock and the Stock Rights, as permitted by the Credit Agreement).

#### **3.2 Capital Stock.**

**(a) Registration of Capital Stock.** At any time after the occurrence and during the continuance of an Event of Default, each Pledgor will, to the extent permitted by the Requirements of Law, permit any registerable Capital Stock constituting Collateral to be registered in the name of the Collateral Agent or its nominee at the option of the Collateral Agent.

**(b) Exercise of Rights in Capital Stock.** Subject to *Article V*, each Pledgor will permit the Collateral Agent or its nominee at any time after the occurrence and during the continuance of an Event of Default, without notice, to exercise all voting and corporate rights relating to the Capital Stock constituting Collateral, including, without limitation, exchange, subscription or any other rights, privileges, or options pertaining to any shares of the Capital Stock and the Stock Rights as if it were the absolute owner thereof.

## ARTICLE IV

### PROVISIONS CONCERNING ALL COLLATERAL

**4.1 Protection of Collateral Agent's Security.** Each Pledgor covenants that it will do nothing to impair the rights of the Collateral Agent in the Collateral hereunder. Each Pledgor assumes all liability and responsibility in connection with the Collateral acquired by it and the liability of such Pledgor to satisfy its Secured Obligations shall in no way be affected or diminished by reason of the fact that such Collateral may be lost, destroyed, stolen, damaged or for any reason whatsoever unavailable to such Pledgor, except due to the gross negligence or willful misconduct of the Collateral Agent.

**4.2 Right to Initiate Judicial Proceedings, etc.** Upon the occurrence and during the continuance of an Unmatured Event of Default or an Event of Default, the Collateral Agent shall have the exclusive right, obligation and power to institute and maintain, and it shall institute and maintain such suits and proceedings as directed by the Instructing Group pursuant to this Agreement to protect and enforce the rights vested in it by this Agreement for the benefit of the Secured Parties.

**4.3 Appointment of a Receiver.** After the occurrence and during the continuance of an Event of Default, the Collateral Agent may be appointed as a receiver of any or all of the Collateral in a judicial proceeding. Notwithstanding the appointment of a receiver, the Collateral Agent shall be entitled to retain possession and control of all cash held by or deposited with it or its agents or co-agents pursuant to any provision of this Agreement or any Mortgage.

**4.4 Further Actions.** Each Pledgor will, at its own expense, make, execute, endorse, acknowledge, file and/or deliver to the Collateral Agent from time to time such lists, descriptions and designations of its Collateral, warehouse receipts, receipts in the nature of warehouse receipts, bills of lading, documents of title, vouchers, invoices, schedules, confirmatory assignments, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments and take such further steps relating to the Collateral and other property or rights covered by the security interest hereby granted by such Pledgor, which the Collateral Agent deems reasonably appropriate or advisable to perfect, preserve, realize upon or protect its security interest in the Collateral, within seven days after any request by the Collateral Agent or such earlier date as may be required by law or necessary to preserve or protect the security interests in the Collateral granted by such Pledgor pursuant to this Agreement.

**4.5 Financing Statements.** Each Pledgor agrees to authorize and deliver to the Collateral Agent such financing statements, in form acceptable to the Collateral Agent, as the Collateral Agent may from time to time request as are necessary or desirable in the reasonable opinion of the Collateral Agent to establish and maintain a valid, enforceable, first priority perfected security interest in its Collateral in favor of the Collateral Agent for the benefit of the Secured Parties and as provided herein and the other rights and security contemplated hereby all in accordance with the Uniform Commercial Code as enacted in any and all relevant jurisdictions or any other relevant law. Each Pledgor will pay any applicable filing fees, recordation taxes and expenses relating to its Collateral. Each Pledgor authorizes the Collateral Agent to file and deliver any such financing statements without the signature of such Pledgor where permitted by law. The Pledgors authorize the filing of any financing statement that the Collateral Agent deems necessary or advisable and such financing statements may include super-generic descriptions of the Collateral.

**4.6 Control.** To the extent required under Section 9-313 of the Uniform Commercial Code, where any Collateral with a fair market value of greater than \$5,000,000 is in the possession of a third party, each Pledgor will join with the Collateral Agent in notifying the third party of the Collateral Agent's security interests and will use its commercially reasonable efforts to obtain an acknowledgement from the third party that it is holding the Collateral for the benefit of the Collateral Agent. Upon request of the Collateral Agent, each Pledgor will cooperate with the Collateral Agent in obtaining control with respect to Collateral consisting of Investment Property constituting Collateral hereunder (to the extent "control" within the meaning of Sections 8-106 and 9-106 of the UCC can be obtained with respect to such Investment Property).

**4.7 Receivables Subsidiary.** The Borrower will direct each member of the Board of Directors of HRF to adopt and keep in full force and effect at all times the resolution set forth in *Exhibit B* hereto and, in the event that a member of the Board of Directors of HRF shall fail to do so, immediately remove such member and appoint a new member of the Board of Directors of HRF.

## ARTICLE V

### REMEDIES UPON OCCURRENCE OF EVENT OF DEFAULT

#### 5.1 Default.

(a) Unless and until an Event of Default shall occur and be continuing and subject to the last sentence of *Section 3.1* above, each Pledgor shall be entitled to receive all cash dividends or other distributions on its Pledged Stock except (i) distributions made in Capital Stock on such Pledged Stock resulting from stock dividends on or subdivision, combination or reclassification of the outstanding Capital Stock of any corporation or as a result of any merger, consolidation, acquisition or other exchange of assets of any corporation unless the requirements of the next sentence are complied with; and (ii) all sums paid in respect of such Pledged Stock upon liquidation or dissolution, repurchase, retirement or redemption, other than as permitted by Section 8.3 of the Credit Agreement. All such sums, dividends, distributions, proceeds or property described in the immediately preceding clauses (i) and (ii) shall, if received by any Pledgor, be held in trust for the benefit of the Collateral Agent and Secured Parties and shall forthwith be delivered to the Collateral Agent (accompanied by proper instruments of assignment and/or stock powers executed by such Pledgor in accordance with the Collateral Agent's instructions) to be held subject to the terms of this Agreement. Upon the occurrence and during the continuance of a Event of Default, the Collateral Agent shall be entitled to receive all payments of whatever kind made upon or with respect to any Collateral and to hold such payments as Collateral or apply such payments pursuant to the terms of this Agreement.

(b) At any time after an Event of Default has occurred and is continuing, the Collateral Agent shall be entitled upon delivery of a written certification from the Administrative Agent to the Collateral Agent certifying that an Event of Default has occurred and is continuing (a "*Default Certification*") to exercise, or to refrain from exercising, any right, remedy, trust or power available to or conferred on the Collateral Agent hereunder and in connection herewith, to direct the time, method and place of conducting any proceeding for any right or remedy available to the Collateral Agent under this Agreement or of exercising any trust or power conferred on the Collateral Agent under this Agreement, or for the appointment of a receiver, or to direct the taking or refraining from taking of any other action authorized by this *Article V*.

(c) So long as no Event of Default has occurred and is continuing, the Pledgors shall have the sole and exclusive right to vote and give consents with respect to all of their respective Pledged Stock and to consent to, ratify or waive notice of any and all meetings. Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent, on behalf of the Secured Parties, shall have the exclusive right, but shall not be obligated, (i) to vote and give consents with respect to any merger, consolidation, liquidation or reorganization of the issuer of any Pledged Stock and, in connection

therewith, to join in and become a party to any plan of recapitalization, reorganization, or readjustment (whether voluntary or involuntary) as shall seem desirable to the Collateral Agent, to protect or further their interests in respect of the Collateral, (ii) to deposit the Collateral under any such plan, and (iii) to make any exchange, substitution, cancellation or surrender of the Collateral required by any such plan and to take such action with respect to the Collateral as may be required by any such plan or for the accomplishment thereof, and no such disposition, exchange, substitution, cancellation or surrender shall be deemed to constitute a release of the Collateral from the Liens of this Agreement.

**5.2 Remedies; Obtaining the Collateral Upon Default.** Each Pledgor agrees that if any Event of Default shall have occurred and be continuing, then and in every such case, subject to any mandatory requirements of applicable law then in effect, the Collateral Agent, acting at the direction of the Instructing Group, shall have, in addition to any rights now or hereafter existing under applicable law, and shall have all rights as a secured creditor under the Uniform Commercial Code in all relevant jurisdictions and may also:

(a) in addition to any rights the Collateral Agent may have under *Section 4.4*, instruct the obligor or obligors on any agreement, instrument or other obligation constituting such Pledgor's Collateral to make any payment required by the terms of such agreement, instrument or other obligation directly to the Collateral Agent or to a cash collateral account and may exercise any and all remedies of such Pledgor in respect of such Collateral; and

(b) sell, assign or otherwise liquidate, or direct any Pledgor to sell, assign or otherwise liquidate, any or all of the Collateral or any part thereof, and take possession of the proceeds of any such sale or liquidation; it being understood that each Pledgor's obligation so to deliver such Collateral is of the essence of this Agreement and that, accordingly, upon application to a court of equity having jurisdiction, the Collateral Agent shall be entitled to a decree requiring specific performance by each Pledgor of said obligation.

**5.3 Remedies; Disposition of the Collateral.** Any Collateral repossessed by the Collateral Agent under or pursuant to *Section 5.2* and any other Collateral whether or not so repossessed by the Collateral Agent, may be sold, assigned, leased or otherwise disposed of under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner, at such time or times, at such place or places and on such terms as the Collateral Agent may, in compliance with any mandatory requirements of applicable law, determine to be commercially reasonable. Subject to mandatory requirements of applicable laws then in effect, any of the Collateral may be sold, leased or otherwise disposed of in the condition in which the same existed when taken by the Collateral Agent or after any overhaul or repair at the expense of the relevant Pledgor which the Collateral Agent shall determine to be commercially reasonable. Subject to mandatory requirements of applicable laws then in effect, any such disposition that shall be a private sale or other private proceeding permitted by such requirements shall be made upon not less than ten (10) days' written notice to the applicable Pledgor specifying the time at which such disposition is to be made and the intended sale price or other consideration therefor, and shall be subject, for the ten (10) days after the giving of such notice, to the right of the applicable Pledgor or any nominee of such Pledgor to acquire the Collateral involved at a price or for such other consideration at least equal to the intended sale price or other consideration so specified. Subject to mandatory requirements of applicable laws then in effect, any such disposition that shall be a public sale permitted by such requirements shall be made upon not less than ten (10) days' written notice to the applicable Pledgor specifying the time and place of such sale and, in the absence of applicable requirements of law, shall be by public auction (which may, at the Collateral Agent's option, be subject to reserve), after publication of notice of such auction not less than ten (10) days prior thereto in two newspapers of general circulation in Salt Lake City, Utah, the City of New York and in such other locations as may be necessary in order for the sale to be "commercially reasonable" (as such term is used in Article 9 of the Uniform Commercial Code). To the extent not prohibited by any Requirement of Law, the

Collateral Agent or any Secured Party may bid for (for cash or as credit against the amount owing to it) and become the purchaser of the Collateral or any item thereof, offered for sale in accordance with this Section without accountability to the applicable Pledgor. If, under mandatory requirements of applicable law, the Collateral Agent shall be required to make disposition of the Collateral within a period of time which does not permit the giving of notice to the applicable Pledgor as hereinabove specified, the Collateral Agent need give such Pledgor only such notice of disposition as shall be reasonably practicable in view of such mandatory requirements of applicable law. Each Pledgor agrees to do or cause to be done all such other acts and things as may be reasonably necessary to make such sale or sales of all or any portion of the Collateral pledged by it valid and binding and in compliance with any and all Requirements of Law, all at such Pledgor's expense. Proceeds of any sale or other disposition of Collateral pursuant hereto shall be applied in accordance with *Section 5.5*.

**5.4 Waiver of Claims.** Except as otherwise provided in this Agreement, EACH PLEDGOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY THE REQUIREMENTS OF LAW, NOTICE AND JUDICIAL HEARING IN CONNECTION WITH THE COLLATERAL AGENT'S TAKING POSSESSION OR THE COLLATERAL AGENT'S DISPOSITION OF ANY OF THE COLLATERAL PURSUANT TO *SECTION 5.3*, INCLUDING, WITHOUT LIMITATION, ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES, and in connection therewith, each Pledgor hereby further waives, to the extent permitted by law:

- (a) all damages occasioned by such taking of possession except any damages which are the direct result of the gross negligence or willful misconduct of the Collateral Agent, its employees or agents;
- (b) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Collateral Agent's rights hereunder; and
- (c) all rights of redemption, marshaling, appraisalment, valuation, stay, extension or moratorium now or hereafter in force under any applicable law in order to prevent or delay the enforcement of this Agreement or the absolute sale of the Collateral or any portion thereof, and such Pledgor, for itself and all who may claim under it, insofar as it or they now or hereafter lawfully may, hereby waives the benefit of all such laws.

Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the applicable Pledgor therein and thereto, and shall be a perpetual bar both at law and in equity against such Pledgor and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through and under such Pledgor.

**5.5 Application of Proceeds.**

- (a) All moneys collected by the Collateral Agent upon any sale or other disposition of the Assets, together with all other moneys received by the Collateral Agent hereunder, shall be applied as follows:
  - (i) first, to the payment to the Collateral Agent or the Administrative Agent an amount equal to (A) any and all sums advanced by the Collateral Agent in order to preserve the Collateral or preserve its security interests in the Collateral; and (B) in the event of any proceeding for the collection or enforcement of any indebtedness, obligations, or liabilities of any Pledgor with respect to any portion of the Secured Obligations after an Event of Default shall have occurred and be continuing, the reasonable expenses of taking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Collateral, or of any exercise by the Collateral Agent of its rights hereunder, together with reasonable attorneys' fees and court costs;
  - (ii) second, to the extent proceeds remain after the application pursuant to the preceding clause (i), an amount equal to the outstanding Primary Obligations shall be paid to the Secured

Parties as provided in *Section 5.5(d)* hereof, with each Secured Party receiving an amount equal to such outstanding Primary Obligations or, if the proceeds are insufficient to pay in full all such Primary Obligations, its Pro Rata Share of the amount remaining to be distributed;

(iii) third, to the extent proceeds remain after the application pursuant to the preceding clauses (i) and (ii), an amount equal to the outstanding Secondary Obligations shall be paid to the Secured Parties as provided in *Section 5.5(d)*, with each Secured Party receiving an amount equal to its outstanding Secondary Obligations or, if the proceeds are insufficient to pay in full all such Secondary Obligations, its Pro Rata Share of the amount remaining to be distributed; and

(iv) fourth, to the extent proceeds remain after the application pursuant to the preceding clauses (i) through (iii), inclusive, and following the termination of this Agreement pursuant to *Section 9.2*, to the relevant Pledgor or to whomever may be lawfully entitled to receive such surplus, or as a court of competent jurisdiction may direct.

(b) For purposes of this Agreement (i) "*Pro Rata Share*" shall mean, when calculating a Secured Party's portion of any distribution or amount, that amount (expressed as a percentage) equal to a fraction, the numerator of which is the then unpaid amount of such Secured Party's Primary Obligations or Secondary Obligations, as the case may be, and the denominator of which is the then outstanding amount of all Primary Obligations or Secondary Obligations, as the case may be, (ii) "*Primary Obligations*" shall mean (A) in the case of the Credit Agreement Obligations, all principal of, and interest on, all Loans (together with all interest accrued thereon) under the Credit Agreement, and all fees, and (B) in the case of the Secured Hedging Obligations and Overdraft Facilities Obligations, all amounts due under the Secured Hedging Agreements and the Overdraft Facilities Agreements (other than indemnities, fees (including, without limitation, attorneys' fees) and similar obligations and liabilities) and (iii) "*Secondary Obligations*" shall mean all Obligations other than Primary Obligations.

(c) If any payment to any Secured Party of any distribution would result in overpayment to such Secured Party, such excess amount shall instead be distributed in respect of the unpaid Primary Obligations or Secondary Obligations, as the case may be, of the other Secured Parties, with each Secured Party whose Primary Obligations or Secondary Obligations, as the case may be, have not been paid in full to receive an amount equal to such excess amount multiplied by a fraction the numerator of which is the unpaid Primary Obligations or Secondary Obligations, as the case may be, of such Secured Party and the denominator of which is the unpaid Primary Obligations or Secondary Obligations, as the case may be, of all Secured Parties entitled to such distribution.

(d) All payments required to be made hereunder shall be made (i) if to the Lenders or the Administrative Agent, to the Administrative Agent under the Credit Agreement for the account of the Lenders or the Administrative Agent, as the case may be, and (ii) if to any other Secured Party, to the trustee, paying agent or other similar representative (each a "*Representative*") for such other Secured Party or, in the absence of such a Representative, such applicable Secured Party.

(e) For purposes of applying payments received in accordance with this *Section 8.5*, the Collateral Agent shall be entitled to rely upon (i) the Administrative Agent under the Credit Agreement and (ii) the other applicable Secured Parties for a determination (which the Administrative Agent, and the other Secured Parties agree (or shall agree) to provide upon request of the Collateral Agent) of the outstanding Primary Obligations and Secondary Obligations owed to the Administrative Agent, Lenders, or the other applicable Representatives or Secured Parties, as the case may be. Unless it has actual knowledge (including by way of written notice from a Secured Party to the contrary), the Administrative Agent, and each other applicable Representative or Secured Party, in furnishing information pursuant to the preceding sentence, and the Collateral Agent, in acting hereunder, shall be entitled to assume that no Secondary Obligations are outstanding.



(f) Each Secured Party hereby agrees that, notwithstanding the order of filing of the financing statements evidencing the granting of security interests hereunder or any other priority to which such Secured Party may otherwise be entitled, (i) the proceeds of the Collateral shall be distributed in accordance with the provisions of this *Section 5.5*, (ii) the Collateral Agent shall have discretion to apply proceeds of Collateral in such a manner as is necessary to give effect to this *Section 5.5*, and (iii) any proceeds of the Collateral received by it other than from the Collateral Agent shall be held in trust and immediately turned over to the Collateral Agent for application in accordance with the provisions of this *Section 5.5*.

(g) This Agreement is made with full recourse to each Pledgor and pursuant to and upon all the warranties, representations, covenants and agreements on the part of such Pledgor contained herein, in the other Loan Documents, and, as applicable, the Secured Hedging Agreements, the Overdraft Facilities Agreements and otherwise in connection herewith or therewith.

(h) It is understood and agreed that the Pledgors shall remain liable to the extent of any deficiency between the amount of the proceeds of the Collateral hereunder and the aggregate amount of the sums referred to in clauses (i) through (iii) inclusive, of *Section 5.5(a)*.

**5.6 Remedies Cumulative.** Each and every right, power and remedy hereby specifically given to the Collateral Agent shall be in addition to every other right, power and remedy specifically given under this Agreement, the Secured Hedging Agreements, the other Loan Documents, or now or hereafter existing at law or in equity, or by statute and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by the Collateral Agent. All such rights, powers and remedies shall be cumulative and the exercise or the beginning of the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Collateral Agent in the exercise of any such right, power or remedy and no renewal or extension of any of the Secured Obligations and no course of dealing between the relevant Pledgor and the Collateral Agent or any holder of any of the Secured Obligations shall impair any such right, power or remedy or shall be construed to be a waiver of any Event of Default or an acquiescence therein. No notice to or demand on any Pledgor in any case shall entitle it to any other or further notice or demand in similar or other circumstances or constitute a waiver of any of the rights of the Collateral Agent to any other or further action in any circumstances without notice or demand. In the event that the Collateral Agent shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Collateral Agent may recover expenses, including attorneys' fees, and the amounts thereof shall be included in such judgment.

**5.7 Discontinuance of Proceedings.** In case the Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Collateral Agent, then and in every such case the relevant Pledgor, the Collateral Agent and each holder of any of the Secured Obligations shall be restored to their former positions and rights hereunder with respect to the Collateral subject to the security interests created under this Agreement, and all rights, remedies and powers of the Collateral Agent shall continue as if no such proceeding had been instituted.

**5.8 Collateral Agent's Calculations.**

(a) For the purpose of determining the amount of the Secured Obligations to be used as a basis for applying Proceeds hereunder, promptly after the date that the Collateral Agent receives a Default Certification, the Collateral Agent shall send a copy thereof to each Representative, and each such recipient shall deliver to the Collateral Agent certifications as to the Secured Obligations owed to the Secured Parties for which such Representative acts, subject to an adjustment as a result of the provisions of *Section 5.8(b)*.

(b) The Collateral Agent may rely on the certifications supplied by any Representative pursuant to *Section 5.8(a)*, and the Collateral Agent shall have no liability to any Secured Party for actions taken in reliance on such information. All distributions made by the Collateral Agent pursuant to *Section 5.1* and the other provisions of this Agreement shall (subject to any decree of any court of competent jurisdiction) be final as between the Collateral Agent and such Representative, and the Collateral Agent shall have no duty to inquire as to the application by any Representative or Secured Party of any amounts distributed to it. Notwithstanding anything else in this Agreement to the contrary, upon a determination by a court of competent jurisdiction (including any court having jurisdiction in any proceeding against any Pledgor under the Bankruptcy Code) as to any distributions payable to any Representative or Secured Party, any and all subsequent distributions with respect to such Secured Party shall be made in accordance therewith. If, at any time, the Collateral Agent reasonably determines in its sole discretion that an allocation or distribution previously made pursuant to *Section 5.1* or any other provisions of this Agreement was based on a mistake of fact, the Collateral Agent may in its discretion, but shall not be obligated to, adjust subsequent allocations and distributions thereunder so that, on a cumulative basis, the Representative or Secured Parties receive the distributions to which they would have been entitled if such mistake of fact had not been made.

(c) Any amounts held by the Collateral Agent from time to time hereunder shall be invested in Cash or Cash Equivalents.

**5.9 Adjustments.** Solely for the purpose of determining any allocation being made pursuant to *Section 8.1*, any Proceeds previously allocated but not distributed until the distribution that is the subject of the allocation has been effected shall be deducted from the amount of the unpaid Secured Obligations in respect of which such Proceeds previously allocated but not distributed are allocated. In the event the Collateral Agent is unable to distribute any Proceeds, such Proceeds not distributed shall be held in trust for the benefit of the Person entitled to distribution thereof until the termination of this Agreement under *Section 9.2*, at which time the Collateral Agent shall give notice to such Person that Proceeds allocated to such Person remain in the custody of the Collateral Agent, and if such Person thereafter fails to request a distribution of such Proceeds within one hundred twenty (120) days after receipt by such Person of such notice, the Collateral Agent shall distribute all such Proceeds to the applicable Pledgor.

#### **5.10 Sharing Arrangements.**

(a) The Secured Parties agree that the provisions of this Agreement with respect to allocations and distributions of Proceeds to the Secured Parties shall prevail notwithstanding any event or circumstance, including, without limitation, in the event that, through the operation of any bankruptcy, reorganization, insolvency or other laws or otherwise, the Collateral Agent's security interest in the Assets or the Collateral is avoided in whole or in part or is enforced with respect to some, but not all of the Secured Obligations then outstanding.

(b) In furtherance of the foregoing, the Secured Parties agree that none of them shall be entitled to benefit from any avoidance action affecting or otherwise relating to any distribution or allocation otherwise payable to another Secured Party (but for the effect of such avoidance action) in accordance with this *Article V* (including any Section hereof) or any other provisions of this Agreement, whether by preference or otherwise, it being understood and agreed that the benefit of any such avoidance action otherwise allocable to them shall instead be allocated and turned over to such other Secured Party.

## ARTICLE VI

### INDEMNITY

#### 6.1 Indemnity.

(a) Each Pledgor, jointly and severally, will indemnify and hold harmless the Collateral Agent, and each Secured Party and each director, officer, employee, partner, advisor, agent, attorney, trustee and Affiliate of the Collateral Agent, and each Secured Party (each such Person an "*Indemnified Party*") from and against all losses, claims, damages, penalties, obligations (including removal or remedial actions), expenses or liabilities which arise out of; in any way relate to, or result from the transactions contemplated by this Agreement, any of the other Loan Documents, or in any other way connected with the administration of the transactions contemplated hereby or thereby or the enforcement of any of the terms of, or the preservation of any rights thereof, or in any way relating to or arising out of the manufacture, ownership, ordering, purchase, delivery, control, acceptance, lease, financing, possession, operation, condition, sale, return or other disposition, or use of the Collateral (including, without limitation, latent or other defects, whether or not discoverable), any contract claim or, to the maximum extent permitted under applicable law, the violation of the laws of any country, state or other governmental body or unit, or any tort (including, without limitation, claims arising or imposed under the doctrine of strict liability, or for or on account of injury to or the death of any Person (including any Indemnitee), or property damage) and to reimburse each Indemnified Party upon their demand, for any Attorney Costs incurred in connection with investigating, preparing to defend or defending any such loss, claim, damage, liability, action or claim; *provided, however*, that no Indemnified Party shall have the right to be so indemnified hereunder for any loss, claim, damage, penalties, obligations, expense or liability to the extent it arises or results from the gross negligence or willful misconduct or bad faith of such Indemnified Party as finally determined by a court of competent jurisdiction. If any action, suit or proceeding arising from any of the foregoing is brought against the Collateral Agent, any Secured Party or any other Indemnified Party, the Pledgors will, if requested by the Collateral Agent, any Secured Party or any such Indemnified Party, resist and defend such action, suit or proceeding or cause the same to be resisted and defended by counsel reasonably satisfactory to the Person or Persons indemnified or intended to be indemnified. Each Indemnified Party shall, unless the Collateral Agent, a Secured Party or other Indemnified Party has made the request described in the preceding sentence and such request has been complied with, have the right to employ its own counsel (or (but not as well as) staff counsel) to investigate and control the defense of any matter covered by such indemnity and the reasonable fees and expenses of such counsel shall be at the expense of the indemnifying party. If any Pledgor shall fail to do any act or thing which it has covenanted to do hereunder or any representation or warranty on the part of any Pledgor contained herein or in any other Loan Document shall be breached, the Collateral Agent may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach, and may expend its funds for such purpose, and will use its best efforts to give prompt written notice to the Borrower that it proposes to take such action. Any and all amounts so expended by the Collateral Agent shall be repaid to it by the Pledgors promptly upon the Collateral Agent's demand therefor, with interest at the Default Rate in effect from time to time during the period including the date so expended by the Collateral Agent to the date of repayment. To the extent that the undertaking to indemnify, pay or hold harmless the Collateral Agent or any Secured Party as set forth in this *Section 6.1* may be unenforceable because it is violative of any law or public policy, the Pledgors shall make the maximum contribution to the payment and satisfaction of each of the indemnified liabilities which is permissible under applicable law. Except as specifically provided for in the Loan Documents, no party hereto shall be entitled to recover from any other party hereto any amount in respect of exemplary, punitive, special, indirect, remote, or speculative damages, including lost profits.

(b) If the Collateral Agent has been requested or instructed pursuant to this Agreement or any Loan Document to take, or to refrain from taking, any action pursuant to this Agreement or any Loan

Document, (i) each Pledgor agrees to, and (ii) the Secured Parties ratably in accordance with the amount of the Secured Obligations owing to them and with respect to which they have a security interest, if the Instructing Group has made such request or given such instruction, agree to, and hereby do indemnify and hold harmless the Collateral Agent to the fullest extent permitted by applicable law, from and against any and all liability, loss, costs, damages, attorneys' fees, fines, claims, judgments, amounts paid in settlement in connection with any threatened, pending or completed claim, action, suit, proceeding or investigation, whether criminal, civil or administrative, and expenses of whatever kind or nature which the Collateral Agent may sustain or incur by reason of or in connection with the Collateral Agent's acting or refraining to act in accordance with such request or instruction other than sustained or incurred by reason of the Collateral Agent's gross negligence, willful misconduct or bad faith; *provided* that the obligations of the Secured Parties under this *Section 6.1(b)* shall become enforceable against them if and only if and to the extent that (x) the Pledgors fail to pay the obligations arising under this *Section 6.1(b)* in accordance with the terms hereof and (y) the unallocated Proceeds from the Collateral are insufficient to pay the obligations arising under this *Section 6.1(b)*.

(c) Without limiting the application of *Section 6.1(a)* hereof, each Pledgor agrees, jointly and severally, to pay, or reimburse the Collateral Agent for any and all reasonable fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation or protection of the Collateral Agent's Liens on, and security interests in, the Collateral, including, without limitation, all reasonable fees and taxes in connection with the recording or filing of instruments and documents in public offices, payment or discharge of any taxes or Liens upon or in respect of the Collateral, premiums for insurance with respect to the Collateral and all other reasonable fees, costs and expenses in connection with protecting, maintaining or preserving the Collateral and the Collateral Agent's interests therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to the Collateral.

(d) Without limiting the application of *Section 6.1(a)* hereof, each Pledgor agrees, jointly and severally, to pay, indemnify and hold each Indemnitee harmless from and against any loss, costs, damages and expenses which such Indemnitee may suffer, expend or incur in consequence of or growing out of any misrepresentation by any Pledgor in any Hedging Agreement or any Overdraft Facilities Agreement or in any writing contemplated by or made or delivered pursuant to or in connection with any Hedging Agreement or any Overdraft Facilities.

**6.2 Indemnity Obligations Secured by Collateral; Survival.** Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Obligations secured by the Collateral prior to the release of the Collateral pursuant to the terms hereof. The indemnity obligations of each Pledgor contained in this *Article IX* shall continue in full force and effect notwithstanding the full payment of all the Loans under the Credit Agreement, the termination of all Secured Hedging Agreements, the termination and payment in full of the Overdraft Facilities and the payment of all other Obligations and notwithstanding the discharge thereof or any other termination of this Agreement and the Mortgages, including pursuant to *Section 12.2* and, as to any Collateral Agent, the resignation or removal thereof.

## ARTICLE VII

### OTHER AGREEMENTS WITH COLLATERAL AGENT

#### 7.1 Compensation and Expenses.

(a) The Pledgors, jointly and severally, hereby agree to pay to the Collateral Agent, upon acceptance by the Collateral Agent of the obligations created by this Agreement and thereafter until all Proceeds are distributed and the security interests created by this Agreement are terminated, from time to time, upon demand, all of the reasonable costs and expenses of the Collateral Agent (including the reasonable fees and disbursements of its counsel and such special counsel as the Collateral Agent reasonably elects to retain) (i) arising in connection with the preparation, execution, delivery, modification, restatement, amendment or termination of this Agreement, and each Security Document or the enforcement (whether in the context of a civil action, adversary proceeding, bankruptcy, workout or otherwise) of any of the provisions hereof or thereof or (ii) incurred or required to be advanced in connection with the preservation, protection, realization or defense of the Assets, the Collateral and of the Collateral Agent's rights hereunder and under the Security Documents, and in and to the Assets and the Collateral (collectively, the "*Collateral Agent Costs*"). The Collateral Agent's compensation shall not be limited by any law relating to compensation of a collateral agent. The obligations of the Pledgors under this *Section 7.1* shall survive the termination of the other provisions of this Agreement.

(b) When the Collateral Agent incurs expenses or renders services after an order for relief with respect to any Pledgor shall have been entered under any applicable bankruptcy, insolvency or other similar law, the expense and the compensation for the Collateral Agent's services are intended to constitute expenses of administration under any bankruptcy law.

**7.2 Stamp and Other Taxes.** Each Pledgor agrees to indemnify and hold harmless the Collateral Agent and each Secured Party from and against any present or future claim for liability for any stamp or other similar tax (other than taxes described in clauses (i) through (vi) of Section 4.7(a) of the Credit Agreement) and any penalties or interest with respect thereto which may be assessed, levied or collected by any jurisdiction in connection with this Agreement, any Mortgage and all other Security Documents or the attachment or perfection of the security interests granted by such Pledgor in any Assets or Collateral, and all collateral under any and all other Security Documents. The obligations of the Pledgors under this *Section 7.2* shall survive the termination of the other provisions of this Agreement, and the other Security Documents.

**7.3 Filing Fees, Excise Taxes, Etc.** Each Pledgor agrees to pay or to reimburse the Collateral Agent and each Secured Party for any and all amounts in respect of all (i) search, filing, recording and registration fees, and (ii) taxes, excise taxes, sales taxes and other similar imposts (other than taxes described in clauses (i) through (vi) of Section 4.7(a) of the Credit Agreement), in each case, which may be payable or determined to be payable in respect of the execution, delivery, performance and enforcement of this Agreement and the other Security Documents and agrees to save the Collateral Agent and each Secured Party harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees. The obligations of the Pledgors under this *Section 7.3* shall survive the termination of the other provisions of this Agreement and the other Security Documents.

## ARTICLE VIII

### THE COLLATERAL AGENT

**8.1 Appointment of the Collateral Agent.** Each of the Secured Parties by its acceptance of the benefits hereof, hereby appoints Deutsche Bank AG New York Branch to serve as the Collateral Agent for such Person and authorizes the Collateral Agent to act as agent for such Person, subject to the provisions of this Agreement, for the purpose of enforcing the Secured Parties' respective rights in the

Assets and the Collateral and the obligations of the Pledgors hereunder and under the other Loan Documents to which any of the Pledgors is a party.

**8.2 Acceptance of Appointment.** Deutsche Bank AG New York Branch, for itself and its successors, hereby accepts its appointment as Collateral Agent upon the terms and conditions hereof, including those contained in Articles VI, VII and VIII.

**8.3 Further Assurances.** Each Secured Party agrees to execute, from time to time, further instruments and documents and to take, from time to time, all further action to evidence that the Secured Obligations owed to such Secured Party have been fully paid and satisfied and any commitments in respect thereof have been terminated, and as to any other matters that may be necessary or reasonably requested in writing by the Collateral Agent, in order to carry out or give effect to the provisions of this Agreement. The Collateral Agent shall be entitled to conclusively rely on any such instruments, documents or information believed by it in good faith to be genuine and duly authorized.

**8.4 Exculpatory Provisions.**

(a) The Collateral Agent shall not be responsible in any manner whatsoever for the correctness of any recitals, statements, representations or warranties contained herein or in any other Security Document. The Collateral Agent makes no representations as to the value or condition of the Collateral or Assets or any part thereof, or as to the title of the respective Pledgors thereto or as to the security afforded by this Agreement, or as to the validity, execution (except its own execution), enforceability, legality or sufficiency of this Agreement, or of the Secured Obligations, and the Collateral Agent shall incur no liability or responsibility in respect of any such matters. The Collateral Agent shall not be responsible for insuring the Assets or Collateral or for the payment of taxes, charges, assessments or liens upon the Assets or Collateral or otherwise as to the maintenance of the Assets or Collateral, except that (i) in the event the Collateral Agent enters into possession of a part or all of the Assets or Collateral, the Collateral Agent shall preserve the part in its possession and (ii) the Collateral Agent will promptly, and at its own expense, take such action as may be necessary to duly remove and discharge (by bonding or otherwise) any lien on any part of the Collateral resulting from claims against it (whether individually or as Collateral Agent, as the case may be) not related to the administration of the Collateral or (if so related) resulting from negligence or willful misconduct on its part.

(b) The Collateral Agent shall not be required to ascertain or inquire as to the performance by any Pledgor of any of the covenants or agreements contained herein or in any Debt Instrument. Whenever it is necessary, or in the opinion of the Collateral Agent advisable, for the Collateral Agent to ascertain the amount of, or whether the term "Fully Paid" applies to, any Secured Obligations, the Collateral Agent may rely on a certificate of the respective Secured Party or Representative with respect thereto. Each Secured Party and each Representative agrees to provide any such certificate so requested by the Collateral Agent, to the extent such information is contained on the books and records of the party requested to deliver such certificate, and to notify the Collateral Agent when those Secured Obligations owed to it are Fully Paid.

(c) Beyond its duties set forth in this Agreement and as may be required by law as to the custody of the Assets or Collateral and the accounting to each Pledgor and the Secured Parties for moneys received by it hereunder, the Collateral Agent shall have no duty to any Pledgor or to the Secured Parties as to any of the Assets or Collateral in its possession or control or in the possession or control of any agent or nominee of it or any income thereof or as to the preservation of rights against prior parties or any other rights pertaining thereto, except as required by Requirements of Law. To the extent, however, that the Collateral Agent or an agent or nominee of the Collateral Agent maintains possession or control of any of the Assets or Collateral at any office of any Pledgor, the Collateral Agent shall, or shall instruct such agent or nominee to, grant such Pledgor access to (but not

possession of) such Assets that such Pledgor requires for the normal conduct of its business, which right of access may be revoked by the Collateral Agent at any time an Event of Default has occurred and is continuing.

**8.5 Delegation of Duties.** The Collateral Agent may execute any of the powers hereof and perform any duty hereunder either directly or by or through agents, nominees or attorneys-in-fact. The Collateral Agent shall be entitled to advice of counsel concerning all matters pertaining to such powers and duties. The Collateral Agent shall not be responsible for the negligence or misconduct of any agents, nominees or attorneys-in-fact selected by it without gross negligence or willful misconduct.

**8.6 Reliance by Collateral Agent.**

(a) Whenever in the administration of this Agreement or the Collateral of or security provided by this Agreement the Collateral Agent shall deem it necessary or desirable that a matter be proved or established with respect to any Pledgor in connection with the taking, suffering or omitting of any action hereunder by the Collateral Agent, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively provided or established by a certificate of a Responsible Officer of such Pledgor.

(b) The Collateral Agent may rely, and shall be fully protected in acting, upon any resolution, statement, certificate, instrument, opinion, report, notice, request, consent, order, bond or other paper or document which it believes in good faith to be genuine and to have been signed or presented by the proper party or parties or, in the case of telecopies, to have been sent by the proper party or parties. In the absence of its gross negligence or willful misconduct, the Collateral Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Collateral Agent and conforming to the requirements of this Agreement or as set forth on such Person's books and records.

(c) If the Collateral Agent has been requested to take any action pursuant to this Agreement or any other Security Document, the Collateral Agent shall not be under any obligation to exercise any of the rights or powers vested in the Collateral Agent by this Agreement unless the Collateral Agent shall have been provided, by the party making such request, adequate security against the costs, expenses and liabilities which may be incurred by it in compliance with such request or direction, including such reasonable advances as may be requested by the Collateral Agent.

**8.7 Limitations on Duties of the Collateral Agent.**

(a) The Collateral Agent shall be obliged to perform such duties and only such duties as are specifically set forth in this Agreement or any other Security Document. The Collateral Agent shall not be required to give any consent or take any discretionary action hereunder unless the Collateral Agent has received written instructions from the Instructing Group, and no implied covenants or obligations shall be read into this Agreement against the Collateral Agent.

(b) The Collateral Agent shall furnish to the Secured Parties promptly upon receipt thereof a copy of each material certificate or other paper furnished to the Collateral Agent by any Pledgor under, in respect of or pursuant to this Agreement, or any of the Collateral, unless by the terms hereof or of any other Security Document, a copy of the same is required to be furnished by some other Person directly to the Secured Parties, or the Collateral Agent shall have determined that the same has already been so furnished. The Collateral Agent agrees to hold in strict confidence all non-public information obtained from any Pledgor, pursuant to this *Section 8.7*, except to the extent that disclosure is permitted hereunder, may be permitted under the Debt Instruments or is required by law or by any Governmental Authority (in which event the Collateral Agent will promptly provide the applicable Pledgor with notice of such disclosure unless prohibited from doing so by such Governmental Authority).

**8.8 Assets to Be Held in Trust.** All Assets received by the Collateral Agent under or pursuant to any provision of this Agreement shall be held in trust for the benefit of the Secured Parties for the purposes for which they were paid or are held, but Assets and Collateral, including Proceeds, need not be segregated from other property held by the Collateral Agent except to the extent required by law or as necessary to preserve the Liens with respect to the Assets and Collateral. The Collateral Agent shall have no liability for interest on any money received by the Collateral Agent hereunder except to the extent actually received by it from time to time from investments made in accordance with the provisions hereof or any other Security Document.

**8.9 Resignation and Removal of the Collateral Agent.**

(a) The Collateral Agent may at any time, by giving thirty (30) days' prior written notice, resign and be discharged of the responsibilities hereby created, such resignation to become effective upon the appointment of a successor agent or agents with the Company's consent (such consent not to be unreasonably withheld or delayed) and the acceptance of such appointment by such successor agent or agents. The appointment of a successor agent or agents shall be within the discretion of the Instructing Group. The Collateral Agent may be removed at any time and a successor agent appointed by the Instructing Group; *provided* that the Collateral Agent shall be entitled to its fees and expenses to the date of removal. If no agent or agents shall be appointed and approved within thirty (30) days from the date of the giving of the aforesaid notice of resignation or within (30) days from the date of such removal, the Collateral Agent shall, or the Instructing Group may, apply to any court of competent jurisdiction to appoint a successor agent or agents to act until such time, if any, as a successor agent or agents shall have been appointed as above provided. Any successor agent or agents so appointed by such court shall immediately and without further act be superseded by any successor agent or agents appointed by the Instructing Group as above provided.

(b) If at any time the Collateral Agent shall become incapable of acting, or if at any time a vacancy shall occur in the office of the Collateral Agent for any other cause, a successor agent or agents may be appointed by the Instructing Group with the Company's consent (such consent not to be unreasonably withheld or delayed), and the powers, duties, authority and title of the predecessor agent or agents terminated and canceled without procuring the resignation of such predecessor agent or agents, and without any formality (except as may be required by applicable law) other than the appointment and designation of a successor agent or agents in writing, duly acknowledged, delivered to the predecessor agent or agents, and filed for record in each public office, if any, in which this Agreement is required to be filed. If no agent or agents shall be appointed and approved within thirty (30) days from the date the Collateral Agent becomes incapable of acting or a vacancy shall occur in the office of Collateral Agent, any Pledgor or any Secured Party may apply to any court of competent jurisdiction to appoint a successor agent or agents to act until such time, if any, as a successor agent or agents shall have been appointed as above provided. Any successor agent or agents so appointed by such court shall immediately and without further act be superseded by any successor agent or agents approved by the Instructing Group as above provided.

(c) The appointment and designation referred to in *Section 8.9(a)* or *8.9(b)* shall, after any required filing, be full evidence of the right and authority to make the same and of all the facts therein recited, and this Agreement shall vest in such successor agent or agents, without any further act, deed or conveyance, all of the estate and title of its predecessor or their predecessors, and upon such filing for record the successor agent or agents shall become fully vested with all the estates, properties, rights, powers, trusts, duties, authority and title of its predecessor or their predecessors; but such predecessor or predecessors shall, nevertheless, on the written request of the Instructing Group, or its or their successor agent or agents, execute and deliver an instrument transferring to such successor or successors all the estates, properties, rights, powers, trusts, duties, authority and title of such predecessor or predecessors hereunder and shall deliver all securities and moneys held by it or them to such successor agent or agents. Should any deed, conveyance or other instrument in writing from any



Pledgor or from the Secured Parties, as applicable, be required by any successor agent or agents for more fully and certainly vesting in such successor agent or agents the estates, properties, rights, powers, trusts, duties, authority and title vested or intended to be vested in the predecessor agent or agents, any and all such deeds, conveyances and other instruments in writing shall, on request of such successor agent or agents, be executed, acknowledged and delivered by such Pledgor and the Secured Parties, as applicable.

(d) Any required filing for record of the instrument appointing a successor agent or agents as hereinabove provided shall be at the joint and several expense of the Pledgors. The resignation of any agent or agents and the instrument or instruments removing any agent or agents, together with all other instruments, deeds and conveyances provided for in this *Article VIII* shall, if required by law, be forthwith recorded, registered and filed by and at the joint and several expense of the Pledgors, wherever this Agreement is recorded, registered and filed.

(e) The Collateral Agent's obligations hereunder are limited to the extent set forth in Section 12.15 of the Credit Agreement.

**8.10 Status of Successors to the Collateral Agent.** Every successor to the Collateral Agent appointed pursuant to *Section 11.9* and every co-agent appointed pursuant to *Section 11.9* shall be a bank or trust company in good standing and having power so to act, incorporated under the laws of the United States or any state thereof or the District of Columbia, and having its principal corporate trust office within the forty-eight (48) contiguous states or the District of Columbia and shall also have capital, surplus and undivided profits of not less than FOUR HUNDRED MILLION DOLLARS (\$400,000,000).

**8.11 Merger of the Collateral Agent.** Any corporation into which the Collateral Agent shall be merged, or with which it shall be consolidated, or any corporation resulting from any merger or consolidation to which the Collateral Agent shall be a party, shall be the Collateral Agent under this Agreement without the execution or filing of any paper or any further act on the part of the parties hereto.

**8.12 Additional Co-Agents; Separate Agents.**

(a) If at any time or times it shall be necessary or prudent in order to conform to any law of any jurisdiction in which any of the Collateral shall be located, or the Collateral Agent shall be advised by counsel, satisfactory to it, that it is so necessary or prudent in the interest of the Secured Parties or the Instructing Group shall in writing so request, or the Collateral Agent shall deem it desirable for its own protection in the performance of its duties hereunder, the Collateral Agent, each Pledgor shall execute and deliver all instruments and agreements necessary or proper to constitute another bank or trust company, or one or more Persons approved by the Collateral Agent and the Instructing Group either to act as co-agent or co-agents of all or any of the Collateral, jointly with the Collateral Agent originally named herein or any successor or successors, or to act as separate agent or agents of any such property.

(b) Every separate agent and every co-agent, other than any agent which may be appointed as successor to the Collateral Agent, shall, to the extent permitted by law, be appointed and act and be such, subject to the following provisions and conditions, namely:

(i) all rights, powers, duties and obligations conferred upon the Collateral Agent in respect of the custody, control and management of moneys, papers or securities shall be exercised solely by the Collateral Agent, or its successors as the Collateral Agent hereunder;

(ii) all rights, powers, duties and obligations conferred or imposed upon the Collateral Agent hereunder shall be conferred or imposed and exercised or performed by the Collateral Agent and such separate agent or separate agents or co-agent or co-agents, except to the extent that under

any law of any jurisdiction in which any particular act or acts are to be performed the Collateral Agent shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by such separate agent or separate agents or co-agent or co-agents;

(iii) notwithstanding anything to the contrary contained herein, no power given or provided hereby to any such co-agent or co-agents or separate agents may be exercised by it or them, except jointly with, or with the consent in writing of, the Collateral Agent;

(iv) no agent hereunder shall be personally liable by reason of any act or omission of any other agent hereunder; and

(v) the Collateral Agent, at any time by an instrument in writing, executed by the Collateral Agent, may accept for itself and on behalf of the Secured Parties the resignation of or remove any such separate agent or co-agent, and in that case, by an instrument in writing executed by the Collateral Agent, may appoint a successor to such separate agent or co-agent, as the case may be, anything herein contained to the contrary notwithstanding. The Secured Parties hereby irrevocably appoint the Collateral Agent, their agent and attorney to act for them in respect of such separate agent or co-agent or separate agents or co-agents as above provided.

### **8.13 Collateral Agent as UK Security Trustee.**

(a) In this Agreement, any rights and remedies exercisable by, any documents to be delivered to, or any other indemnities or obligations in favor of the Collateral Agent shall be, as the case may be, exercisable by, delivered to, or be indemnities or other obligations in favor of, the Collateral Agent (or any other Person acting in such capacity) in its capacity as the UK Security Trustee to the extent that the rights, deliveries, indemnities or other obligations relate to the UK Security Documents or the security thereby created. Any obligations of the Collateral Agent (or any other Person acting in such capacity) in this Agreement shall be obligations of the Collateral Agent in its capacity as UK Security Trustee to the extent that the obligations relate to the UK Security Documents or the security thereby created. Additionally, in its capacity as UK Security Trustee, the Collateral Agent (or any other Person acting in such capacity) shall have (i) all the rights, remedies and benefits in favor of the Collateral Agent contained in the provisions of the whole of this *Article VIII*; (ii) all the powers of an absolute owner of the security constituted by the UK Security Documents and (iii) all the rights, remedies and powers granted to it and be subject to all the obligations and duties owed by it under the UK Security Documents and/or any of the Loan Documents.

(b) Each Lender and the Collateral Agent hereby appoint the UK Security Trustee to act as its trustee under and in relation to the UK Security Documents and to hold the assets subject to the security thereby created as trustee for itself and other Secured Parties on the trusts and other terms contained in the UK Security Documents and each Secured Party hereby irrevocably authorizes the UK Security Trustee to exercise such rights, remedies, powers and discretions as are specifically delegated to the UK Security Trustee by the terms of the UK Security Documents together with all such rights, remedies, powers and discretions as are reasonably incidental thereto.

(c) Any reference in this Agreement to Liens stated to be in favor of the Collateral Agent shall be construed so as to include a reference to Liens granted in favor of the UK Security Trustee.

(d) The Lenders agree that at any time that the UK Security Trustee shall be a Person other than the Collateral Agent, such other Person shall have the rights, remedies, benefits and powers granted to the Collateral Agent in its capacity as the UK Security Trustee in this Agreement.

Nothing in this *Section 8.13* shall require the UK Security Trustee to act as a trustee at common law or to be holding any property on trust, in any jurisdiction outside the United States or the United

Kingdom which may not operate under principles of trust or where such trust would not be recognized or its effects would not be enforceable.

## ARTICLE IX

### TERMINATION; RELEASES OF COLLATERAL

**9.1 Release of Certain Security.** Subject to the provisions of Section 12.15 of the Credit Agreement, upon receipt by the Collateral Agent from time to time of a request from a Pledgor for the release of any specific portion of the Collateral or the Liens in any Collateral granted by such Pledgor pursuant to any Security Document (including, without limitation, Liens on Collateral being sold in accordance with the Credit Agreement), and upon the concurrence of the Administrative Agent under the Credit Agreement that such release is required or permitted under the terms of the Credit Agreement, the Collateral Agent shall release all right, title and interest of the Collateral Agent, as the case may be, in, to and under such Collateral, and the Liens of the Collateral Agent therein shall automatically terminate and shall revert to the applicable Pledgor. Following such termination or release, the Collateral Agent shall, upon the written request of such Pledgor, or upon the written request or instructions of the Instructing Group, execute such instruments and take such other actions as are necessary or desirable to terminate Liens and otherwise effectuate and evidence the release of the specified portions of the Collateral (including, without limitation, delivering to the respective Pledgor all Collateral in the possession of the Collateral Agent). Any such delivery shall be without warranty of, or recourse to, the Collateral Agent, other than a representation that there are no Liens on such property attributable to the Collateral Agent. Such termination and release shall be without prejudice to the rights of the Collateral Agent to charge and be reimbursed for any expenditure which it may thereafter incur in connection therewith.

**9.2 Termination Upon Satisfaction.** Upon receipt by the Collateral Agent of evidence satisfactory to it that all Credit Agreement Obligations are Fully Paid, this Agreement shall (except with respect to any provisions which expressly survive such termination) terminate and all right, title and interest of the Collateral Agent in, to and under the Collateral and the Liens of the Collateral Agent therein shall automatically be released and terminated and shall revert to the respective Pledgors and the Collateral Agent shall have no further obligations hereunder. In such event, the Collateral Agent, at the request and expense of the Pledgors, will execute and deliver to the Pledgors, a proper instrument or instruments acknowledging the satisfaction and termination of this Agreement, and will duly assign, transfer and deliver to the respective Pledgors all of the Collateral held by the Collateral Agent hereunder. Such termination and release shall be without prejudice to the right of the Collateral Agent to charge and be reimbursed for any expenditure which it might thereafter incur in connection therewith. As used in this Agreement, the term "*Termination Date*" shall mean the date upon which this Agreement shall have terminated in accordance with the first sentence of this *Section 9.2*.

## ARTICLE X

### LIMITED RIGHTS OF SECURED PARTIES; PROOFS OF CLAIM

**10.1 Limited Rights of Secured Parties.** The Secured Parties by their acceptance of the benefits hereof agree that the only right a Secured Party has under this Agreement is for the Secured Obligations to be secured by the Assets or Collateral pledged for the period and to the extent provided for in this Agreement, and to have Proceeds, if any, distributed to the Secured Parties for the benefit of the Secured Parties to the extent, at the times and as provided in *Section 5.5*. Each of the Secured Parties by their acceptance of the benefits hereof acknowledges and agrees that it shall have no right to individually direct the Collateral Agent to take or refrain from taking any action hereunder, under any other security document or with respect to any Assets or Collateral and that all rights with respect

thereto shall be vested solely in the Collateral Agent or the Collateral Agent acting at the direction of the Instructing Group.

**10.2 Filing of Claims.** Upon the written request of all or any of the Secured Parties, the Collateral Agent may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Secured Parties making such request allowed in any judicial proceedings relating to any Pledgor, its creditors or its property. However, nothing herein contained shall prevent any Secured Party from filing such proofs of claim and other papers or documents as may be determined by the Secured Party in order to have the claims of such Secured Party allowed in any judicial proceedings relating to any Pledgor. The Collateral Agent may file such proofs of claims and other papers or documents as may be necessary or advisable in order to have the claims of the Collateral Agent, its agents and counsel allowed in any judicial proceedings relating to any Pledgor (or any other obligor under the Secured Obligations), its creditors or its property; provided that the rights described in this sentence shall relate only to claims relating to the Collateral Agent Costs and the fees and expenses of the Collateral Agent's agents and counsel in their respective individual capacities under this Agreement and the Mortgages.

**10.3 Collection of Claims.** The Collateral Agent shall be entitled and empowered to collect and receive any monies or other property payable or deliverable on any such claims filed by the Collateral Agent pursuant to *Section 10.2* and to distribute the same in accordance with the parties' legal rights, and any custodian in any such judicial proceedings is hereby authorized by each Secured Party to make such payments to the Collateral Agent and, in the event that the Collateral Agent shall consent to the making of such payments directly to the Secured Parties, to pay to the Collateral Agent any amount due to it for the Collateral Agent Costs, and the fees and expenses of the Collateral Agent's agents and counsel, and any other amounts due the Collateral Agent under this Agreement.

**10.4 Limitations.** Nothing herein contained shall be deemed to authorize the Collateral Agent to authorize or consent to or accept or adopt on behalf of any Secured Party (other than any Secured Party that is an Affiliate of Company) any plan of reorganization or arrangement, adjustment or composition affecting the Secured Obligations or the rights of any holder thereof, or to authorize the Collateral Agent to vote in respect of the claim of any Secured Party in any such proceeding.

## ARTICLE XI

### MISCELLANEOUS

**11.1 Notices.** Except where telephonic instructions or notices are authorized herein to be given, all notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto or any other Person shall be in writing and shall be personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or by a reputable overnight or courier delivery service, or by telecopier, and shall be deemed to be given for purposes of this Agreement on the third day after deposit in registered or certified mail, postage prepaid, and otherwise on the day that such writing is delivered or sent to the intended recipient thereof, or in the case of notice delivered by telecopy, upon completion of transmission with a copy of such notice also being delivered under any of the methods provided above, all in accordance with the provisions of this

Section 11.1. All notices, requests, demands or other communications shall be in writing and addressed as follows:

(a) if to any Pledgor:

c/o Huntsman International LLC  
500 Huntsman Way  
Salt Lake City, Utah 84108  
Attention: General Counsel  
Telephone: (801) 584-5700  
Telecopy: (801) 758-9031

with a copy to:

Vinson & Elkins, L.L.P.  
2300 First City Tower, 1001 Fannin  
Houston, Texas 77002-6760  
Attention: Mark Spradling  
Telephone: (713) 758-2828  
Telecopy: (713) 615-5545

(b) if to the Collateral Agent:

Deutsche Bank AG New York Branch  
60 Wall Street  
New York, New York 10005  
Attention: John Anos  
Telephone: (212) 469-2750  
Telecopy: (212) 469-3632

with a copy to:

Winston & Strawn LLP  
35 West Wacker Drive  
Chicago, Illinois 60601  
Attention: Charles B. Boehrer  
Telephone: (312) 558-5989  
Telecopy: (312) 558-5700

(c) if to the Administrative Agent or any Lender, either (A) to the Administrative Agent, at the address of the Administrative Agent specified in the Credit Agreement, or (B) at such address as such Lender shall have specified in the Credit Agreement;

(d) if to any other Secured Party, directly to such Secured Party at such address as such Secured Party shall have specified in writing to the Pledgors and the Collateral Agent;

or at such other address as shall have been furnished in writing by any Person described above to the party required to give notice hereunder.

## 11.2 Waiver; Amendment.

(a) None of the terms and conditions of this Agreement may be changed, waived, modified or varied in any manner whatsoever unless in writing duly signed by each Pledgor directly affected thereby (acting in compliance with the terms of the Credit Agreement) and the Collateral Agent (with the written consent of the Required Lenders, or to the extent required by Section 12.1 of the Credit Agreement, all the Lenders). Notwithstanding the foregoing, any change, waiver, modification or variance materially adversely affecting the rights and benefits of a class of Secured Party (and not all classes of Secured Parties in a like or similar manner) shall require the written consent of all holders of obligations in such class of Secured Party.

(b) The Pledgors and the Collateral Agent, at any time and from time to time, may enter into additional security documents or one or more agreements supplemental hereto or to any Mortgage for the purpose of subjecting additional property to a lien in favor of the Collateral Agent for the benefit of any or all of the Secured Parties.

(c) Notwithstanding the provisions of *Section 11.2(a)* hereof, and without the consent of any Person, the Collateral Agent and the Pledgors may, from time to time, enter into written agreements supplemental hereto for the purpose of (w) supplementing the information set forth in any Schedule hereto, (x) making any ministerial or clarifying modification to this Agreement, including, but not limited to, clarifying or correcting clerical or typographical errors in this Agreement; (y) permitting the release of the Collateral Agent's Liens in or on any Asset ("*Release (Correction)*") that was never owned by the applicable Pledgor or that was never intended by the parties hereto to have been pledged or given as security pursuant hereto or (z) releasing Collateral from the security interests of this Agreement pursuant to the terms hereof. At least thirty (30) days (in such shorter period as may be acceptable to the Collateral Agent) prior to executing any supplemental agreement pursuant to the terms of this *Section 11.2(c)*, the effect of which agreement is to permit a Release (Correction), the Collateral Agent and the Secured Parties shall be entitled to receive a certificate (upon which the Collateral Agent may conclusively rely) from a Responsible Officer of the respective Pledgor certifying (i) that such property was never owned by such Pledgor or (ii) that such property was never intended to have been pledged or given as security pursuant hereto. Any such supplemental agreement shall be binding upon each Pledgor, the Secured Parties, the Collateral Agent and their respective successors and assigns.

(d) Notwithstanding the foregoing, any Person who hereafter becomes a Domestic Subsidiary of the Company shall, in accordance with Section 7.11(d) of the Credit Agreement become a party to this Agreement by execution of a supplement to this Agreement in the form of *Exhibit A* (with only such changes thereto as are agreed to by the Collateral Agent), whereupon such Person shall be deemed a Pledgor for all purposes hereunder.

(e) Pledgors may amend and supplement the Schedules hereto to reflect changes resulting from transactions to the extent permitted by the Credit Agreement (and the other Loan Documents) provided that notice and copies of any such amendments and supplements are provided to the Collateral Agent and the Administrative Agent.

**11.3 Obligations Absolute.** The obligations of each Pledgor hereunder shall remain in full force and effect without regard to, and shall not be impaired by, (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of such Pledgor; (b) any exercise or non-exercise, or any waiver of, any right, remedy, power or privilege under or in respect of this Agreement, any other Loan Document, or any Secured Hedging Agreement except as specifically set forth in a waiver granted pursuant to *Section 11.2* hereof; or (c) any amendment to or modification of any Loan Document or any Secured Hedging Agreement or any security for any of the Obligations, whether or not any Pledgor shall have notice or knowledge of any of the foregoing.

**11.4 Successors and Assigns.** This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the Collateral Agent, each Secured Party and each Pledgor and their respective successors and assigns, provided that no Pledgor may transfer or assign any or all of its rights or obligations hereunder without the written consent of the Instructing Group.

**11.5 Headings Descriptive.** The headings of the several sections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

**11.6 Severability.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**11.7 Governing Law.** THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK, AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS AND DECISIONS OF SAID STATE.

**11.8 Consent to Jurisdiction and Service of Process; Waiver of Jury Trial.**

**(A) EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN THE CITY OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, AND HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT TO SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH UNITED STATES FEDERAL OR NEW YORK STATE COURT AND EACH PARTY HERETO IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS WHICH ANY OF THEM MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS.**

**(B) AS A METHOD OF SERVICE, EACH PARTY HERETO IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING, BROUGHT IN ANY SUCH UNITED STATES FEDERAL OR NEW YORK STATE COURT BY THE DELIVERY OF COPIES OF SUCH PROCESS TO THE PLEDGORS OR THE COLLATERAL AGENT, AS THE CASE MAY BE, AT THE ADDRESSES SPECIFIED IN SECTION 14.1 OR BY CERTIFIED MAIL DIRECT TO SUCH RESPECTIVE ADDRESSES.**

**(C) EACH PARTY HERETO HEREBY EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHT, POWER OR REMEDY UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT. THE TERMS AND THE PROVISIONS OF THIS SECTION CONSTITUTE A MATERIAL INDUCEMENT TO LENDERS ENTERING INTO THIS AGREEMENT.**

**11.9 Pledgor's Duties.** It is expressly agreed, anything herein contained to the contrary notwithstanding, that each Pledgor shall remain liable to perform all of the obligations, if any, assumed by it with respect to the Collateral and the Collateral Agent shall not have any obligations or liabilities with respect to any Collateral by reason of or arising out of this Agreement, nor shall the Collateral Agent be required or obligated in any manner to perform or fulfill any of the obligations of any Pledgor under or with respect to any Collateral.

**11.10 Counterparts.** This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

**11.11 No Action by Secured Parties.** The Secured Parties agree not to take any action whatsoever to enforce any term or provision hereof, or of any other Security Document or to enforce any rights in respect of the Collateral, except through the Collateral Agent and in accordance with this Agreement.

**11.12 Definitions; Interpretation.**

(a) Unless otherwise defined herein, capitalized terms used herein shall have the respective meanings ascribed thereto in *Annex A* or, if not defined herein or in *Annex A*, as defined in the Credit Agreement.

(b) The definitions set forth herein (including those set forth in *Annex A*) shall be equally applicable to both the singular and plural forms of the defined terms. In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding." The words "herein," "hereof" and words of similar import as used in this Agreement shall refer to this Agreement as a whole and not to any particular provision in this Agreement. References to "Articles", "Sections", "paragraphs", "Exhibits" and "Schedules" in this Agreement shall refer to Articles, Sections, paragraphs, Exhibits and Schedules of this Agreement unless otherwise expressly provided; references to Persons include their respective permitted successors and assigns or, in the case of governmental Persons, Persons succeeding to the relevant functions of such persons; and all references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations. Unless otherwise expressly provided herein, references to constitutive and Organizational Documents and to agreements (including the Loan Documents) and other contractual instruments shall be deemed to include subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Loan Document.

**11.13 Conflicts with the Credit Agreement.** To the extent of any conflict between any provision of this Agreement and any provision of the Credit Agreement, the Credit Agreement shall govern to the extent of such inconsistency.

[SIGNATURE PAGES FOLLOW]



IN WITNESS WHEREOF, the parties hereto have caused this Pledge Agreement to be executed on their behalf as of the date first referred to above.

DEUTSCHE BANK AG NEW YORK BRANCH,  
as Collateral Agent,

By:

Name:

Title:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DEUTSCHE BANK AG NEW YORK BRANCH,  
as Administrative Agent

By:

Name:

Title:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

HUNTSMAN INTERNATIONAL LLC, as a Pledgor

By:

Name:

Title:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[OTHER PLEDGORS], as a Pledgor

By:

Name:

Title:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ANNEX A  
DEFINITIONS

"**Administrative Agent**" shall have the meaning provided in the recitals to this Agreement.

"**Agreement**" shall have the meaning provided in the first paragraph of this Agreement.

"**Assets**" means, collectively, the Collateral, the Mortgaged Property (as defined in the Credit Agreement) and all collateral under any and all other Security Documents in favor of the Collateral Agent or, as the context requires, any one or more items thereof.

"**Bankruptcy Code**" means Title 11 of the United States Code, as codified in **11 U.S.C. § 101 *et seq.***, as amended from time to time.

"**Borrower**" shall have the meaning provided in the recitals to this Agreement.

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations, rights in or other equivalents (however designated) in such Person's capital stock, partnership interests, membership interests or other equivalent interests and any rights (other than debt securities convertible into or exchangeable for capital stock), warrants or options exchangeable for or convertible into any such ownership interests.

"**Collateral**" has the meaning ascribed to it in *Section 1.1* of this Agreement.

"**Collateral Agent**" means Deutsche Bank AG New York Branch, in its capacity as collateral agent under this Agreement for the benefit of the Secured Parties, until one or more successors are appointed pursuant to Article XII of this Agreement and thereafter shall mean such successor or successors and all successors thereto.

"**Collateral Agent Costs**" has the meaning ascribed to it in *Section 7.1(a)* of this Agreement.

"**Company**" shall have the meaning provided in the first paragraph of this Agreement.

"**Credit Agreement**" shall have the meaning provided in the recitals to this Agreement.

"**Credit Agreement Obligations**" means all liabilities of any Pledgor now or hereafter arising under the Credit Agreement and all of the other Debt Documents, whether for principal, interest (including Post-Petition Interest), fees, expenses, indemnities or otherwise, and whether primary, secondary, direct, indirect, contingent, fixed or otherwise (including obligations of performance).

"**Debt Documents**" shall mean and include, respectively, the Credit Agreement, the Loan Documents, and all other documents, instruments and agreements now or hereafter evidencing or securing the whole or any part of the Credit Agreement Obligations (including, without limitation, each of the loan documents as defined in any principal agreement evidencing Credit Agreement Obligations), including any documents evidencing or securing any complete, partial or successive refunding, refinancing or replacement of the Credit Agreement Obligations and any amendments, modifications, renewals or extensions of any of the foregoing.

"**Debt Instruments**" means all documents, instruments or other evidence of indebtedness issued in respect of the Secured Obligations, as they may be amended, restated, supplemented or otherwise modified from time to time.

"**Default Certification**" has the meaning ascribed to it in *Section 5.1(b)* of this Agreement.

"**Event of Default**" shall mean any Event of Default under, and as defined in, the Credit Agreement and shall in any event, without limitation, include any payment default on any of the Secured Obligations after expiration of any applicable grace period.

"**Existing Hedging Agreements**" shall have the meaning provided in the recitals to this Agreement.

**"Fully Paid"** means with respect to any Secured Obligations, that the respective obligee of such Obligation or its representative (which representative shall be, in the case of the Secured Obligations, the Administrative Agent) shall have certified to the Collateral Agent that such Obligation has terminated and that there remain no obligations of any kind whatsoever of the Borrower with respect thereto (other than contingent indemnification obligations as to which no claims shall have accrued or be pending).

**"Headquarters Loan Agreement"** shall have the meaning provided in the recitals to this Agreement.

**"HLLC"** shall have the meaning provided in the recitals to this Agreement.

**"HRF"** shall mean Huntsman Receivables Finance LLC, a Delaware limited liability company.

**"Indemnified Party"** shall have the meaning provided in *Section 6.1* of this Agreement.

**"Instructing Group"** means the Administrative Agent or Required Lenders (or, to the extent required by Section 12.1 of the Credit Agreement, all the Lenders).

**"Investment Property"** shall have the meaning as provided in Article 9 of the UCC and shall include, without limitation (i) all securities, whether certificated or uncertificated, including, without limitation, stocks, bonds, interests in limited liability companies, partnership interests, treasury securities, certificates of deposit, and mutual fund shares; (ii) all securities entitlements of any Pledgor, including without limitation, the rights of any Pledgor to any securities account and the financial assets held by a securities intermediary in such securities account and any free credit balance or other money owing by any securities intermediary with respect to that account; (iii) all securities accounts held by any Pledgor; (iv) all commodity contracts held by Pledgor; and (v) all commodity accounts held by any Pledgor.

**"Lenders"** has the meaning ascribed to such term in the recitals to this Agreement.

**"Overdraft Facilities"** means facilities relating to Indebtedness permitted pursuant to Section 8.2(n) of the Credit Agreement, including, without limitation, guarantees thereof.

**"Overdraft Facilities Agreements"** shall have the meaning provided in the recitals to this Agreement.

**"Overdraft Facilities Obligations"** means all obligations of the Company or any of its Subsidiaries under and with respect to the Overdraft Facilities (whether direct or through a guarantee).

**"Pledged Stock"** means the certificated shares of Capital Stock described in *Schedule B* hereto, as it may, from time to time, be supplemented in accordance with the terms of the Agreement, and any other shares of Capital Stock pledged to the Collateral Agent under this Agreement.

**"Pledgor"** shall have the meaning provided in the first paragraph of this Agreement.

**"Post-Petition Interest"** shall mean interest accruing in respect of Secured Obligations after the commencement of any bankruptcy, insolvency, receivership or similar proceedings by or against the Company, at the rate applicable to such Secured Obligations pursuant to the applicable Debt Documents, whether or not such interest is allowed as a claim enforceable against Company in a bankruptcy case under the Bankruptcy Code, and any other interest that would have accrued but for the commencement of such proceedings.

**"Primary Obligations"** has the meaning provided in *Section 5.5(b)* of this Agreement.

**"Pro Rata Share"** has the meaning provided in *Section 5.5(b)* of this Agreement.

**"Proceeds"** shall have the meaning ascribed to it in Article 9 of the UCC and, in any event, shall include, but not be limited to (a) any and all proceeds of any insurance, indemnity, warranty or

guaranty payable to the Collateral Agent or any Pledgor from time to time with respect to any of the Assets, (b) any and all payments (in any form whatsoever) made or due and payable to any Pledgor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Assets by any Governmental Authority (or any Person acting under color of Governmental Authority), and (c) any and all other amounts from time to time paid or payable to any Pledgor or the Collateral Agent under or in connection with any of the Assets.

**"Representative"** has the meaning ascribed to it in *Section 5.5(d)* of this Agreement.

**"Secondary Obligations"** shall have the meaning provided in *Section 5.5(b)* of this Agreement.

**"Secured Hedging Agreements"** has the meaning provided in the first paragraph of this Agreement.

**"Secured Hedging Obligations"** means all obligations of the Company or any of its Subsidiaries under and with respect to the Secured Hedging Agreements (whether direct or through a guarantee).

**"Secured Obligations"** means all Credit Agreement Obligations, all Overdraft Facilities Obligations and all Secured Hedging Obligations.

**"Secured Party"** shall have the meaning provided in the first paragraph of this Agreement.

**"Senior Secured Notes"** shall mean those certain 11<sup>5</sup>/<sub>8</sub>% senior secured notes due October 15, 2010 originally issued by HLLC pursuant to the terms of the Senior Secured Notes Indenture, and secured by the Collateral (as defined in the Credit Agreement) on a pari passu basis with the Obligations (as defined in the Credit Agreement).

**"Senior Secured Notes Indenture"** shall mean that certain Indenture dated as of September 30, 2003 among Borrower (as successor to HLLC), the guarantors named therein and HSBC Bank USA, National Association (as successor to HSBC Bank USA), as trustee (as the same may be amended in compliance with the Credit Agreement, including pursuant to the Supplemental Indenture dated as of July 13, 2005) and any supplemental indenture or additional indenture to be entered into with respect to the Senior Secured Notes to the extent permitted under Section 8.1.1 of the Credit Agreement.

**"Stock Rights"** means any stock, any dividend or other distribution and any other right or property which a Pledgor shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any shares of Pledged Stock and any stock, any right to receive stock and any right to receive earnings, in which a Pledgor now has or hereafter acquires any right, issued by an issuer of the Pledged Stock.

**"Termination Date"** shall have the meaning provided in *Section 9.2* of this Agreement.

**"Uniform Commercial Code"** or "UCC" shall mean the Uniform Commercial Code as now or hereafter in effect from time to time in the State of New York; *provided, however,* that if by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, the Collateral Agent's security interests in any Collateral is governed by the Uniform Commercial Code as enacted and in effect in any other jurisdiction, the term "Uniform Commercial Code" or "UCC" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies.

**"Unmatured Event of Default"** means an event, act or occurrence which with the giving of notice or the lapse of time (or both) would become an Event of Default.

**EXHIBIT A**  
**FORM OF**  
**SUPPLEMENT TO**  
**PLEDGE AGREEMENT**

This SUPPLEMENT NO. \_\_\_\_\_ dated as of \_\_\_\_\_ (this "Supplement") to the Agreement (as defined below) is by [New Subsidiary], a [\_\_\_\_\_] corporation, a Subsidiary of the Company ("New Pledgor"), in favor of Deutsche Bank AG New York Branch, as Collateral Agent under the Pledge Agreement (the "Agreement") for the benefit of the Secured Parties thereunder.

**W I T N E S S E T H:**

WHEREAS, pursuant to the Credit Agreement, the Lenders have agreed to extend certain credit facilities to the Company on terms and conditions provided therein;

WHEREAS, pursuant to Section 7.11(d) of the Credit Agreement, the Company is required to cause each Domestic Subsidiary that was not in existence (other than a Receivable Subsidiary or an Unrestricted Subsidiary) on the dates of such respective Loan Documents to become a party to the Agreement;

WHEREAS, *Section 11.2(d)* of the Agreement provides that additional Subsidiaries of the Company may become Pledgors under the Agreement by execution and delivery of a document in the form of this Supplement;

WHEREAS, pursuant to Section 7.11(b) of the Credit Agreement, the Company is required to cause (i) each Subsidiary (other than a Receivables Subsidiary) that is organized under the laws of a state of the United States of America or the District of Columbia and (ii) each other Subsidiary that is wholly owned by a corporation organized under the laws of a state of the United States or the District of Columbia and is disregarded as an entity separate from that owner under Treasury Regulation section 301.7701-3, in each case, that was not in existence on the Closing Date, to become a party to the Subsidiary Guaranty (as defined in the Credit Agreement); and

WHEREAS, concurrently with its execution and delivery of this Supplement, New Pledgor is executing and delivering either a Subsidiary Guaranty in favor of the Secured Parties or a supplement to the Subsidiary Guaranty pursuant to which it is becoming a party thereto;

NOW, THEREFORE, in consideration of the premises above and as set forth in the Security Agreement, the parties hereto agree as follows:

**ARTICLE I**  
**SUPPLEMENT TO PLEDGE AGREEMENT**

**1.1. Supplement to Pledge Agreement.** In accordance with *Section 11.2(d)* of the Agreement, New Pledgor, by its execution and delivery of this Supplement, becomes a party to the Agreement with the same force and effect as if originally named therein as "Subsidiary", a "Subsidiary" and an "Pledgor", and New Pledgor hereby (a) agrees to all the terms and provisions of the Agreement, (b) represents and warrants that the representations and warranties made by it as a Pledgor thereunder are true and correct in all material respects on and as of the date hereof and agrees that the Schedules hereto (each of which is designated as a supplement to a corresponding Schedule to the Agreement) are hereby incorporated in their entirety into such corresponding Schedules to the Agreement. Each reference to a "Subsidiary" or an "Pledgor" in the Agreement shall be deemed to include New Pledgor. All of the terms of the Pledge Agreement are hereby incorporated in their entirety.

**1.2. Additional Representations, Warranties and Covenants.** New Pledgor represents and warrants to the Collateral Agent that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law).

## ARTICLE II

### SECURITY INTERESTS

**2.1 Grant of Security Interests.** (a) As collateral security for the prompt and complete payment and performance of the Secured Obligations when due, and to induce the Administrative Agent and the Lenders to continue to provide the financial accommodations to Borrower under the Credit Agreement, each such New Pledgor does hereby grant, pledge, assign and transfer unto the Collateral Agent, in its capacity as Collateral Agent hereunder for the benefit of the Secured Parties, a continuing security interest of first priority in all of the right, title and interest of such New Pledgor in, to and under all of the following, whether now existing or hereafter from time to time arising, and whether now owned or hereafter from time to time acquired or created: (i)(A) Investment Property and General Intangibles consisting of all Capital Stock (as defined in the Senior Secured Notes Indenture) of Subsidiaries (as defined in the Senior Secured Notes Indenture) of the Borrower or of any Guarantor (as defined in the Senior Secured Notes Indenture) described in *Schedule B* (as it may, from time to time, be supplemented in accordance with the terms hereof); (B) all other Investment Property and General Intangibles consisting of Capital Stock (as defined in the Senior Secured Notes Indenture) of Subsidiaries (as defined in the Senior Secured Notes Indenture) of the Borrower or of any Guarantor (as defined in the Senior Secured Notes Indenture); provided that, subject to Section 7.13 of the Credit Agreement and the last paragraph of *Section 1.2* of the Agreement, in the case of this clause (B), each New Pledgor's grant, pledge, assignment and transfer extends, only 65% of the Capital Stock or other equity interests of first-tier Foreign Subsidiaries of such Pledgor; and (C) all Stock Rights of each New Pledgor with respect to its Pledged Stock, and (ii) all Proceeds and products of any and all of the foregoing (including, without limitation, all insurance and claims for insurance effected or held for the benefit of such Pledgor in respect thereof) (all of the above, as limited below in *Sections 1.1(c)* and *1.1(d)*, collectively, the "*Collateral*"); *provided, however*, that the security interests granted hereunder shall only cover any Pledgor's right, title and interest in any asset subject to liens described in clause (2) of Section 8.1(h) of the Credit Agreement, to the extent that the Lender (as defined in that certain Loan Agreement by and among Huntsman Headquarters Corporation, Huntsman Petrochemical Corporation, Huntsman Chemical Corporation, Huntsman Packaging Corporation and U.S. Bank of Utah dated as of December 17, 1996 (the "*Headquarters Loan Agreement*") has consented to the grant by Huntsman Headquarters Corporation of a security interest in any Collateral (as defined in the Headquarters Loan Agreement) hereunder.

(b) The security interests of the Collateral Agent under this Agreement extend to all Collateral of the kind which is the subject of this Agreement (but subject to the limitations contained in this Agreement, including the limitations set forth in *Section 2.1(a)(i)(B)*) which each New Pledgor may acquire at any time during the continuation of this Agreement.

(c) The Collateral shall not include any property or assets (whether tangible or intangible, including without limitation, Capital Stock) or any right, title or interest in respect thereof (i) which is subject to an agreement that expressly prohibits the assignment thereof; or the creation of a security interest therein (including, without limitation, a Permitted Accounts Receivables Securitization), (ii) to the extent that any law or regulation applicable to such rights or property prohibits the assignment thereof or the creation of a security interest therein and (iii) to the extent that such collateral is not required to be pledged under Section 7.11(a), (c), (d) or (e) of the Credit Agreement; provided,

however, that such rights and property described in the preceding clauses (i) and (ii) shall be excluded from the Collateral only to the extent and for so long as such agreement (in the case of clause (i)) or such law (in the case of clause (ii)) continues to expressly prohibit the creation of such security interest, and upon the expiration of such prohibition, the rights and property as to which such prohibition previously applied shall automatically be included in the Collateral, without further action on the part of the Pledgor or the Collateral Agent.

(d) Notwithstanding *Sections 1.1(a) and (b)*, for the avoidance of doubt, Collateral shall not include Capital Stock and equity interests, or portion thereof, of Persons organized outside the United States which would otherwise be required to be pledged to the Collateral Agent pursuant to the terms hereof ("*Foreign Equity Interests*") but which are pledged pursuant to collateral documents ("*Foreign Pledge Documents*") governed by the laws of a jurisdiction other than any State or Federal laws of the United States of America, including, without limitation, the Capital Stock of TG and the Capital Stock representing 65% of the combined voting power of UK Holdco 1.

**2.2 Delivery of Pledged Stock.** The Pledged certificates representing the Pledged Stock listed on *Schedule B* (other than the shares of Capital Stock which are not certificated) shall be delivered to the Collateral Agent contemporaneously herewith together with appropriate undated stock powers duly executed in blank. Neither the Collateral Agent nor any Secured Party shall be obligated to preserve or protect any rights with respect to the Pledged Stock or to receive or give any notice with respect thereto whether or not the Collateral Agent or any Secured Party is deemed to have knowledge of such matters. The Collateral Agent agrees to hold such Pledged Stock, and any other Collateral in its possession for the benefit of the Secured Parties.

**2.3 Continued Performance by New Pledgor.** The assignments and security interests under this Agreement granted to the Collateral Agent shall not relieve any New Pledgor from the performance of any term, covenant, condition or agreement on such New Pledgor's part to be performed or observed under or in respect of any of the Collateral pledged by it hereunder or from any liability to any Person under or in respect of any of such Collateral or impose any obligation on the Collateral Agent to perform or observe any such term, covenant, condition or agreement on such New Pledgor's part to be so performed or observed or impose any liability on the Collateral Agent for any act or omission on the part of such New Pledgor relative thereto or for any breach of any representation or warranty on the part of such New Pledgor contained in this Agreement or any other Loan Document, or in respect of the Collateral pledged by it hereunder or made in connection herewith or therewith.

**2.4 Power of Attorney.** By way of securing its obligations under the Agreement, each New Pledgor hereby constitutes and appoints the Collateral Agent its true and lawful attorney, irrevocably, with full power after the occurrence of and during the continuance of an Event of Default (in the name of such New Pledgor or otherwise), in the Collateral Agent's discretion, to take any action and to execute any instrument which the Collateral Agent may reasonably deem necessary or advisable to accomplish the purposes of this Agreement, which appointment as attorney is coupled with an interest.

## ARTICLE III

### MISCELLANEOUS

**3.1. Definitions.** Capitalized terms used herein without definition shall have the meanings ascribed to them in the Agreement.

**3.2. Headings.** Article and Section headings used in this Supplement are for convenience only and shall not affect the construction of this Supplement.

**3.3. Severability.** Any provision of this Supplement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or

unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**3.4. Binding Effect; Successors and Assigns.** This Supplement shall be binding upon and inure to the benefit of each of the parties hereto and each of the Secured Parties and their respective permitted successors and assigns, and nothing herein or in the Agreement is intended or shall be construed to give any other Person any right, remedy or claim under, to or in respect of this Supplement or the Agreement.

**3.5. Governing Law.** THE PROVISIONS OF THIS SUPPLEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS AND THE DECISIONS OF THE STATE OF NEW YORK.

**3.6. Full Force and Effect.** Except as expressly supplemented hereby, the Security Agreement shall remain in full force and effect.

**3.7. Fees.** New Pledgor agrees to reimburse the Collateral Agent for its respective reasonable out-of-pocket expenses (including Attorney Costs) incurred in connection with the preparation, execution and delivery of this Supplement and the taking of all actions required hereby.

**3.8. Counterparts.** This Supplement may be executed in separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]



IN WITNESS WHEREOF, the parties hereto have caused this Supplement No. \_\_\_\_ to the Collateral Security Agreement to be duly and properly executed and delivered as of the date first written above.

[NEW PLEDGOR]

By:

Name:

Title:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Notice Address for the above Subsidiary:

c/o Huntsman International LLC  
3040 Post Oak Boulevard  
Houston, Texas 77056

Acknowledged and Agreed to:

DEUTSCHE BANK AG NEW YORK BRANCH,  
as Collateral Agent and as UK Security Trustee

By:

Name:

Title:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SCHEDULE A (to Supplement No.    )**

**CAPITAL STOCK**

**SCHEDULE 2.1(f) (to Supplement No.     )**

**CHIEF EXECUTIVE OFFICE**

[New Pledgor]

Chief Executive Office:

Other Office Locations:

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**EXHIBIT B**  
**FORM OF**  
**UNANIMOUS CONSENT**  
**OF THE BOARD OF DIRECTORS OF**  
**HUNTSMAN RECEIVABLES FINANCE LLC**

The undersigned, being all of the Managers of Huntsman Receivables Finance LLC, a Delaware limited liability company (the "Company"), HEREBY CONSENT TO the adoption of, and DO HEREBY ADOPT, the following resolutions by unanimous written consent and direct that this unanimous written consent be filed with the minutes of the proceedings of the Board of Directors of the Company. Initially capitalized terms used herein and not otherwise defined have the meanings assigned to them in Annex X to the Pooling Agreement (as defined below).

WHEREAS, the Company will be entering into a transaction involving, *inter alia*, the securitization of certain receivables pursuant to (i) the Contribution Agreement, to be dated on or about the date hereof, between Huntsman International LLC (the "Shareholder"), as contributor and originator, and the Company, (ii) the Pooling Agreement, to be dated on or about the date hereof (the "Pooling Agreement"), among the Company, Huntsman ICI (Europe) B.V.B.A. (the "Master Servicer") and Chase Manhattan Bank (Ireland) plc ("Chase"), as trustee, (iii) Series 2000-1 Supplement to the Pooling Agreement, to be dated on or about the date hereof, among the Company, the Master Servicer, Park Avenue Receivables Corporation, Chase, as funding agent and trustee, and the Shareholder, and (iv) the Servicing Agreement, to be dated on or about the date hereof, among the Company, the Master Servicer, Tioxide Americas Inc., Huntsman Holland BV, Tioxide Europe Limited, Huntsman International LLC, Huntsman (Petrochemicals) UK Limited, Huntsman Propylene Oxide Ltd., Huntsman International Fuels L.P., as local servicers, Chase, as trustee, PricewaterhouseCoopers, as liquidation servicer, and the Shareholder, as servicer guarantor.

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the Company shall, on the Effective Date, and thereafter not less frequently than every five (5) Local Business Days, distribute to the Shareholder all cash funds available (net of any obligations and expenses), except for any amounts which are not permitted to be used for distributions at that time pursuant to the Transaction Documents or pursuant to Section 18-607 of the Delaware Limited Liability Company Act.

RESOLVED FURTHER, that the foregoing resolution may only be revoked with the votes of all of the members of the Board of Directors of HRF.

[SIGNATURES COMMENCE ON NEXT PAGE]

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IN WITNESS WHEREOF, the undersigned, being all the Directors of the Company, have executed this consent as of  
the                      day of August, 2005.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ACKNOWLEDGED AND AGREED:

HUNTSMAN INTERNATIONAL LLC

By:

\_\_\_\_\_

Name:

Title:

\_\_\_\_\_

**FORM OF SUBSIDIARIES GUARANTY AGREEMENT**

---

SUBSIDIARY GUARANTY

SUBSIDIARY GUARANTY dated as of August 16, 2005 (as the same may be amended, restated, supplemented or otherwise modified from time to time, this "*Guaranty*"), made by each of the undersigned companies and each Person that becomes a party hereto in accordance with *Section 18(b)* hereof (each, a "*Guarantor*" and collectively, the "*Guarantors*") in favor of the Beneficiaries (as hereinafter defined). Capitalized terms used herein are defined in *Section 1* of this Guaranty.

WITNESSETH:

WHEREAS, pursuant to a Credit Agreement dated as of August 16, 2005 among Huntsman International LLC, a Delaware limited liability company (the "*Borrower*"), the financial institutions party thereto (the "*Lenders*"), Deutsche Bank AG New York Branch, as Administrative Agent for the Lenders thereunder (the "*Administrative Agent*"), Deutsche Bank Securities Inc., as Joint Lead Arranger and Joint Book Runner, Citigroup Global Markets, as Co-Syndication Agent, Joint Lead Arranger and Joint Book Runner and Credit Suisse, as Co-Syndication Agent and Joint Book Runner, the Lenders have severally agreed to make Loans upon the terms and subject to the conditions set forth therein (as used herein, the term "*Credit Agreement*" means the Credit Agreement described above in this paragraph, as in effect on the date hereof as the same may be amended, modified, extended, renewed, replaced, restated or supplemented from time to time, and including any agreement extending the maturity of or restructuring of all or any portion of the Indebtedness under such agreement or any successor agreements);

WHEREAS, the Borrower may from time to time enter into, or guaranty the obligations of a Subsidiary under, Overdraft Facilities;

WHEREAS, the Borrower or any of its Subsidiaries may from time to time enter into Secured Hedging Agreements;

WHEREAS, it is a condition precedent to the obligation of the Lenders to make Loans and other Extensions of Credit that the Subsidiaries of the Borrower party hereto shall have executed and delivered this Guaranty to the Collateral Agent, for the benefit of the Beneficiaries;

WHEREAS, the proceeds of the Loans and other Extensions of Credit will be used in part to enable the Borrower to make Valuable Transfers to each of the Guarantors in connection with the operation of their respective businesses; and

WHEREAS, the Borrower and the Guarantors are engaged in related businesses, and each Guarantor will derive substantial direct and indirect benefit from the making of the Extensions of Credit and the Borrower's entering into the transactions contemplated by the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective Loans and other Extensions of Credit, each Guarantor hereby agrees as follows:

Section 1. *Definitions.* As used in this Guaranty, capitalized terms not otherwise defined herein shall have the respective meanings provided for such terms in the Credit Agreement and the following terms shall have the meanings indicated, all such definitions to be equally applicable to the singular and plural forms of the terms defined:

"*Agents*" shall mean the Administrative Agent, the Joint Lead Arrangers, the Joint Book Runners and the Co-Syndication Agents.

"*Bankruptcy Code*" shall mean all of the applicable sections of Title 11 of the United States Code, as from time to time in effect.

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"Beneficiaries" means the Agents, the Facing Agents, the Collateral Agent, the Lenders and the respective counterparties to the Secured Hedging Agreements underlying the Guaranteed Obligations, and the Overdraft Facilities Providers (as defined in Annex A to the Collateral Security Agreement), collectively; and "Beneficiary" means any one of such Beneficiaries, individually.

"Collateral Agent" shall mean Deutsche Bank AG New York Branch, as Collateral Agent under the Collateral Security Agreement.

"Collateral Security Agreement" means that certain Collateral Security Agreement dated as of the date hereof by and among the Borrower, certain Subsidiaries of Borrower from time to time party thereto and Collateral Agent, as it may be amended, supplemented or otherwise modified from time to time.

"Debt Documents" has the meaning assigned to such term in the Collateral Security Agreement.

"Extension of Credit" shall mean (i) all Loans (as defined in the Credit Agreement) and (ii) to the extent not otherwise included in the foregoing, all Guaranteed Obligations.

"Fully Paid" shall have the meaning assigned thereto in the Collateral Security Agreement.

"Governmental Authority" shall mean any nation or government, any state or political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guaranteed Obligations" has the meaning assigned thereto in *Section 2(a)*.

"Interest Rate Agreements" means any interest, rate swap agreement, cross-currency interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate futures contract, interest rate option contract or other similar agreement or arrangement to which the Borrower or any of its Subsidiaries is a party.

"Other Hedging Agreements" means any foreign exchange contract, currency swap agreement, futures contract, commodity agreements, option contract, synthetic cap or other similar agreement other than an Interest Rate Agreement to which the Borrower or any of its Subsidiaries is a party.

"Overdraft Facilities" means facilities relating to Indebtedness (as such term is defined in the Credit Agreement) permitted pursuant to Section 8.2(n) of the Credit Agreement, including, without limitation, guarantees thereof.

"Post-Petition Interest" shall have the meaning assigned thereto in the Collateral Security Agreement.

"Secured Hedging Agreements" shall mean Interest Rate Agreements or Other Hedging Agreements permitted by Section 8.2(e) of the Credit Agreement, entered into or hereafter entered into by one or more Lenders (or any Affiliate thereof) with, or guaranteed by, the Borrower or any of its Subsidiaries.

"Subordinate Claims" has the meaning assigned thereto in *Section 8*.

"Valuable Transfers" means, as to any Guarantor, (i) all loans, advances or capital contributions made, directly or indirectly, to such Guarantor with proceeds of Guaranteed Obligations, (ii) all debt securities or other obligations of such Guarantor acquired from such Guarantor or retired by such Guarantor, directly or indirectly, with proceeds of Guaranteed Obligations, (iii) the fair market value of all property acquired, directly or indirectly, with proceeds of Guaranteed Obligations and transferred, absolutely and not as collateral to such Guarantor and (iv) the value of any quantifiable economic benefits not included in clauses (i) through (iii) above, but included in accordance with applicable federal and state laws governing determinations of the insolvency of debtors, accruing to such Guarantor as a result of the incurrence of Guaranteed Obligations.



Section 2. *Guarantee of Obligations.* (a) Each Guarantor hereby, jointly and severally, unconditionally and irrevocably guarantees to each of the Beneficiaries to whom the following obligations are owed, as the primary obligation and debt of such Guarantor and not as a surety, the due and punctual payment of, without duplication, (i) all liabilities of the Borrower and the Guarantors now or hereafter arising under the Credit Agreement and all of the other Debt Documents, whether for principal, interest (including Post-Petition Interest), fees, expenses, indemnities or otherwise, and whether primary, secondary, direct, indirect, contingent, fixed or otherwise (including obligations of performance), (ii) all obligations of the Borrower or any of its Subsidiaries under and with respect to Secured Hedging Agreements (whether direct or through a guarantee) and (iii) all obligations of the Borrower or any of its Subsidiaries under and with respect to the Overdraft Facilities (whether direct or through a guarantee) (all of the foregoing, collectively, the "*Guaranteed Obligations*"). In case of the failure of the Borrower or any Guarantor to duly, punctually and indefeasibly make any such payment in full as and when due and payable, each Guarantor hereby agrees to duly, punctually and indefeasibly make such payment as and when the same shall become due and payable, whether on the due date therefor, upon stated maturity, by acceleration, upon demand or otherwise, in accordance with the terms of this Guaranty, the Credit Agreement, the other Loan Documents and the other agreements underlying the respective Guaranteed Obligations.

(b) Although the amount of the Guaranteed Obligations guaranteed hereby is not limited, if in any action or proceeding involving any state, federal or foreign bankruptcy, insolvency or other law affecting the rights of creditors generally, this Guaranty would be held or determined to be void, invalid or unenforceable against any Guarantor on account of the amount of its aggregate liability under this Guaranty, then, notwithstanding any other provision of this Guaranty to the contrary, the aggregate amount of such Guarantor's liability hereunder shall without any further action of the Beneficiaries or any other Person, be automatically limited and reduced to the highest amount which is valid and enforceable as determined in such action or proceeding.

(c) No payment or payments made by the Borrower, any Guarantor, any other guarantor or any other Person or received or collected by the Collateral Agent or any Beneficiary from the Borrower, any Guarantor, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Guaranteed Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which shall, notwithstanding any such payment or payments other than payments made by or received or collected from such Guarantor in respect of the Guaranteed Obligations, remain liable for the Guaranteed Obligations.

Section 3. *Right of Set-off.* In addition to any rights and remedies of the Beneficiaries provided by law, each Beneficiary shall have the right, without prior notice to the Guarantors, any such notice being expressly waived by the applicable Guarantor, upon the occurrence and during the continuance of an Event of Default, to setoff and apply against any Guaranteed Obligations, whether matured or unmatured, of such Guarantor to such Beneficiary, any amount owing from such Beneficiary to such Guarantor, at or at any time after, the happening of any of the above-mentioned events, and the aforesaid right of setoff may be exercised by such Beneficiary against such Guarantor or against any trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receivers, or execution, judgment or attachment creditor of such Guarantor, or against anyone else claiming through or against, such Guarantor or such trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receivers, or execution, judgment or attachment creditor, notwithstanding the fact that such right of setoff shall not have been exercised by such Beneficiary prior to the making, filing or issuance, or service upon such Beneficiary of, or of notice of, any such petition, assignment for the benefit of creditors, appointment or application for the appointment of a receiver, or issuance of execution, subpoena, order or warrant. Each Beneficiary agrees promptly to notify such Guarantor and the

Collateral Agent after any such setoff and application made by such Beneficiary, provided that the failure to give such notice shall not affect the validity of such setoff and application.

Section 4. *Amendments, etc, with respect to the Guaranteed Obligations.* Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against such Guarantor or any other Guarantor, and without notice to or further assent by such Guarantor, any demand for payment of any of the Guaranteed Obligations made by the Collateral Agent or any other Beneficiary may be rescinded by the Collateral Agent or such other Beneficiary, and any of the Guaranteed Obligations continued, and the Guaranteed Obligations, or the liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Collateral Agent or any other Beneficiary, and the Credit Agreement, any other Loan Document, any other document relating to Guaranteed Obligations and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the relevant holders of the Guaranteed Obligations may deem advisable from time to time and otherwise in accordance with the Credit Agreement, and any collateral security, guarantee or right of offset at any time held by the Collateral Agent or any other Beneficiary for the payment of the Guaranteed Obligations may be sold, exchanged, waived, surrendered or released. Neither the Collateral Agent nor any other Beneficiary shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Guaranteed Obligations or for this Guaranty or any property subject thereto.

Section 5. *Guarantee Absolute and Unconditional.* Each Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by the Collateral Agent or any other Beneficiary upon this Guaranty or any other Loan Document to which such Guarantor is a party or acceptance of this Guaranty or any such other Loan Document; and all dealings between the Borrower or any Guarantor and the Collateral Agent or any other Beneficiary shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty and the other Loan Documents. Each Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Borrower or any Guarantor with respect to the Guaranteed Obligations. This Guaranty shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to:

- (i) the validity or enforceability of the Credit Agreement, any other Loan Document, any of the Guaranteed Obligations or any collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Collateral Agent or any other Beneficiary,
- (ii) any defense (including, without limitation, any statute of limitations), set-off or counterclaim (other than a defense of payment or performance) which may at any time, be available to or be asserted by the Borrower against the Collateral Agent or any other Beneficiary (each Guarantor hereby agrees not to assert any such defense, set-off or counterclaim),
- (iii) any change in the time, manner or place of any application of collateral security, or proceeds thereof to or of all or any of the Guaranteed Obligations, or any manner of sale or other disposition of any collateral security for all or any of the Guaranteed Obligations or any other assets of the Borrower or any of its Subsidiaries,

(iv) any change, restructuring or termination of the corporate, limited liability company or partnership structure or existence of the Borrower or any of its Subsidiaries, or

(v) any other circumstance whatsoever (with or without notice to or knowledge of the Borrower or any Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrower for the Guaranteed Obligations, or of any Guarantor under this Guaranty, in bankruptcy or in any other instance and each Guarantor hereby covenants that this Guaranty will not be discharged except by final, complete, indefeasible and irrevocable payment and performance of the obligations contained in the agreements, instruments and documents evidencing or securing the Guaranteed Obligations and this Guaranty.

When the Collateral Agent or any other Beneficiary is pursuing its rights and remedies hereunder against any Guarantor, the Collateral Agent or any other Beneficiary may, but shall be under no obligation to, pursue such rights and remedies as it may have against the Borrower or any other Person or against any collateral security or guarantee for the Guaranteed Obligations or any right of offset with respect thereto, and any failure by the Collateral Agent or any other Beneficiary to pursue such other rights or remedies or to collect any payments from the Borrower or any such other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Borrower or any such other Person or of any such collateral security, guarantee or right of offset, shall not relieve any Guarantor of any liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Collateral Agent and any other Beneficiary against such Guarantor.

Section 6. *Reinstatement.* Each Guarantor further agrees that if at any time all or any part of any payment theretofore applied by any Beneficiary to any of the Guaranteed Obligations is, or must be, rescinded or returned by such Beneficiary for any reason whatsoever, including without limitation, the insolvency, bankruptcy or reorganization of the Borrower, any other Guarantor or any other Subsidiary of the Borrower or any other guarantor of all or any portion of the Guaranteed Obligations, such Guaranteed Obligations or applicable portion thereof, for purposes of this Guaranty, to the extent that such payment is or must be rescinded or returned, shall be deemed to have continued in existence notwithstanding such application, and this Guaranty shall continue to be effective or be reinstated, as the case may be, as to such Guaranteed Obligations or applicable portion thereof as though such application had not been made, irrespective of whether any note or other evidence of indebtedness has been surrendered or cancelled.

Section 7. *No Subrogation, Contribution, Reimbursement or Indemnity.* Notwithstanding anything to the contrary in this Guaranty, the Credit Agreement and the other Loan Documents, each Guarantor hereby irrevocably waives, until all Guaranteed Obligations are Fully Paid, all rights which may have arisen in connection with this Guaranty, the Credit Agreement and the other Loan Documents to be subrogated to any of the rights (whether contractual, under the Bankruptcy Code, including Section 509 thereof, under common law or otherwise) of any Beneficiary against the Borrower or against any collateral security or guarantee or right of offset held by any Beneficiary for the payment of the Guaranteed Obligations. Each Guarantor hereby further irrevocably waives, until all Guaranteed Obligations are Fully Paid, all contractual common law, statutory or other rights of reimbursement, contribution, exoneration or indemnity (or any similar right) from or against the Borrower or any other Person which may have arisen in connection with this Guaranty, the Credit Agreement and the other Loan Documents. Until all Guaranteed Obligations are Fully Paid, if any amount shall be paid by or on behalf of the Borrower or any Guarantor to any other Guarantor on account of any of the rights waived in this paragraph, such amount shall be held by such Guarantor in trust, segregated from other funds of such Guarantor, and shall forthwith upon receipt by such Guarantor, be turned over to the Collateral Agent in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Collateral Agent, if required), to be applied against the Guaranteed

Obligations, whether matured or unmatured, in accordance with *Section 11* hereof. The provisions of this paragraph shall survive the term of this Guaranty.

**Section 8. Subordination.** So long as any of the Guaranteed Obligations shall be outstanding, all claims of any kind or character of any Guarantor or any of its successors and assigns against the Borrower (all such claims of any kind or character of such Guarantor or any of its successors and assigns being hereinafter referred to as "*Subordinate Claims*"), shall be subordinated in right of payment to the prior indefeasible payment in full of such Guaranteed Obligations and any Subordinate Claims collected or received by such Guarantor after an Event of Default has occurred and is continuing, upon notice by Collateral Agent to such Guarantor, shall be held in trust for the Collateral Agent for the benefit of the Beneficiaries and, at the direction of the Collateral Agent to such Guarantor, shall forthwith be paid over to the Collateral Agent for the benefit of the Beneficiaries to be credited and applied against the Guaranteed Obligations but without affecting, impairing or limiting in any manner the liability of such Guarantor under any other provision of this Guaranty.

**Section 9. Representations, Warranties and Covenants.** Each Guarantor represents and warrants to the Collateral Agent and each Beneficiary that:

(a) such Guarantor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has the organizational power and authority and the legal right to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged;

(b) such Guarantor has the organizational power and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary action to authorize its execution, delivery and performance of this Guaranty;

(c) this Guaranty constitutes a legal, valid and binding obligation of such Guarantor enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles; and

(d) the execution, delivery and performance of this Guaranty by such Guarantor (i) are within such Guarantor's organizational power, (ii) have been duly authorized by all necessary corporate, shareholder, member, partner or other action on the part of each Person whose authorization is required, (iii) do not violate any Requirement of Law or any Contractual Obligation applicable to such Guarantor, (iv) will not result in or require the creation or imposition of any Lien of any nature upon or with respect to any of the properties now owned or hereafter acquired by such Person and (v) will not require any authorization or approval or other action by, or notice to or filing or registration with, any Governmental Authority (other than those which have been obtained and are in force and effect).

Each Guarantor hereby acknowledges and agrees that it has received a copy of the Credit Agreement and hereby (i) reaffirms all representations and warranties contained therein to the extent applicable to it and (ii) agrees to comply with all covenants and agreements contained therein to the extent applicable to it and as the same may be amended or modified from time to time in accordance with the terms of the Credit Agreement.

**Section 10. Effect of Bankruptcy Events of Default.** If an Event of Default under Section 8.1(e) or (f) of the Credit Agreement occurs, the Collateral Agent, on behalf of the Beneficiaries, shall be entitled to enforce the joint and several obligations of the Guarantors hereunder whether or not the enforcement of the underlying obligations of the Borrower or any Guarantor have been stayed.

**Section 11. Application of Proceeds.** Subject to any applicable agreements in effect from time to time relating to the sharing and priority of payments to the Beneficiaries, all payments hereunder shall

be applied to the payment in whole or in part of the Guaranteed Obligations, in such order as the Beneficiaries, in their sole discretion, may elect.

**Section 12. *GOVERNING LAW.* THIS GUARANTY SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE INTERNAL LAWS OF THE STATE OF NEW YORK, AND FOR ALL PURPOSES BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.**

Section 13. *Enforceability.* Any provision of this Guaranty that is prohibited or unenforceable in any jurisdiction shall as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. If this Guaranty would be held or determined by a court of competent jurisdiction in a judicial proceeding to be void, voidable, invalid or unenforceable on account of the amount of the aggregate liability of any Guarantor under this Guaranty or by reason of any inconsistent contractual provision binding on any Guarantor, then, notwithstanding any other provision of this Guaranty to the contrary, the aggregate amount of the liability of each Guarantor under this Guaranty shall, without any further action by any Guarantor, the Beneficiaries or any other Person, be automatically limited and reduced to the maximum amount which is valid and enforceable.

Section 14. *Remedies Not Exclusive; Amendment.* No failure or delay on the part of any Beneficiary in exercising any right, power or remedy under this Guaranty shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for in this Guaranty are cumulative and are not exclusive of any remedies that may be available to any Beneficiary at law or in equity or otherwise. No amendment, modification, supplement, termination or waiver of or to any provision of this Guaranty, nor consent to any departure by any Guarantor therefrom shall be effective unless the same shall be consented to in writing by all of the Lenders (other than a Defaulting Lender) or the Required Lenders, as the case may be, pursuant to Section 12.1 of the Credit Agreement, as such terms are defined in the Credit Agreement. Any amendment, modification or supplement of or to any provision of this Guaranty, any waiver of any provision of this Guaranty, and any consent to any departure by any Guarantor from the terms of any provision of this Guaranty, shall be effective only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Guaranty, no notice to or demand on any Guarantor in any case shall entitle such Guarantor or any other Guarantor to any other or further notice or demand in similar or other circumstances.

Section 15. *Consent to Certain Transactions.* Each Guarantor acknowledges receipt of a copy of the Credit Agreement and the other Loan Documents in the form in which each was executed and delivered by the parties thereto, as amended, supplemented or otherwise modified as of the Closing Date, and agrees that such copies constitute adequate notice of all matters contained therein and consents to the execution and delivery of such agreements and the performance of all transactions provided for or contemplated therein; *provided, however,* that none of the Beneficiaries shall be obligated to furnish to any Guarantor any copies of any amendments, modifications or supplements or waivers with respect to the Credit Agreement or any of the other Loan Documents.

Section 16. *Notices.* Except where telephonic instructions or notices are authorized herein to be given, all notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto or any other Person shall be in writing and shall be personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or by a reputable overnight or courier delivery service, or by telecopier, and shall be deemed to be given for purposes of this Guaranty on the third day after deposit in registered or certified mail postage prepaid, and otherwise on the day that such writing is delivered or sent to the intended recipient thereof, or in the

case of a notice delivered by telecopy, upon completion of transmission with a copy of such notice also being delivered under any of the methods provided above, all in accordance with the provisions of this subsection. Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this subsection, notices, demands, instructions and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective telecopier numbers) indicated on each respective signature page to this Agreement or any supplement hereto or with regard to the Beneficiaries, on the respective signature pages of the Credit Agreement, and, in the case of telephonic instructions or notices, by calling the telephone number or numbers indicated for each on such signature pages.

Section 17. *Successors and Assigns.* This Guaranty shall be binding upon each Guarantor and its successors and assigns and shall inure to the benefit of, and shall be enforceable by, each of the Beneficiaries and their respective successors and assigns (including any permitted assignee of any Lender in accordance with Section 12.8 of the Credit Agreement); *provided, however,* that no Guarantor may assign or transfer any of its obligations under this Guaranty without the prior written consent of the Required Lenders, except pursuant to intercompany mergers and consolidations permitted under Section 8.3 of the Credit Agreement.

Section 18. *Further Assurances, Additional Guarantors.* (a) Each Guarantor, jointly and severally, agrees to do such further acts and things and to execute and deliver such additional agreements, powers and instruments, as any Beneficiary may reasonably require or reasonably deem advisable to carry into effect the purposes of this Guaranty or to better assure and confirm unto the Beneficiaries their rights, powers and remedies under this Guaranty, the Credit Agreement or any other Loan Document.

(b) An additional Subsidiary of the Borrower may become a Guarantor under this Guaranty pursuant to the requirements of Section 7.11(b) of the Credit Agreement by executing and delivering to the Collateral Agent a supplement to this Guaranty in the form of *Exhibit A* hereto (with only such changes thereto as are agreed to by the Collateral Agent), whereupon, without further action, approval or consent by any other Person, such Subsidiary shall be deemed to be a Guarantor for all purposes under this Guaranty.

Section 19. *Submission to Jurisdiction.* Each Guarantor, jointly and severally, hereby irrevocably and unconditionally consents and submits to the nonexclusive jurisdiction of any United States Federal or New York State court sitting in New York City in any action or proceeding arising out of or relating to this Guaranty, and each Guarantor, jointly and severally, hereby irrevocably and unconditionally agrees that all claims in respect of such action or proceeding brought against any of the Beneficiaries in respect of this Guaranty shall be brought in such United States Federal or New York State court. Each Guarantor, jointly and severally, irrevocably consents to the service of any and all process in any such action or proceeding brought in any court in or of the State of New York by the delivery of copies of such process to such Guarantor at its address specified on its respective signature page hereto or by certified or registered mail directed to such address. Nothing herein shall affect the right of any of the Beneficiaries to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against any Guarantor in any other jurisdiction.

Section 20. *Waiver of Trial by Jury.* **THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN CONNECTION WITH ANY ACTION OR PROCEEDING UNDER OR COUNTERCLAIM RELATING TO THIS GUARANTY, THE CREDIT AGREEMENT OR ANY OTHER LOAN DOCUMENT, AND EACH GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY OBJECTION, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR ANY OBJECTION BASED ON THE GROUNDS OF *FORUM NON CONVENIENS*, OR THAT IT OR ITS ASSETS ARE EXEMPT OR IMMUNE FROM ATTACHMENT OR EXECUTION, WHICH IT MAY NOW OR HEREAFTER HAVE**

**TO THE BRINGING OR MAINTAINING OF ANY SUCH ACTION OR PROCEEDING IN THE JURISDICTIONS REFERRED TO IN SECTION 19. EACH BENEFICIARY, BY ITS ACCEPTANCE OF THE BENEFITS OF THIS GUARANTY, SHALL BE DEEMED TO HAVE WAIVED ITS RIGHT TO TRIAL BY JURY IN RESPECT OF ANY SUCH ACTION OR PROCEEDING IN WHICH THE GUARANTORS HAVE WAIVED THEIR RIGHT TO TRIAL BY JURY.**

Section 21. *Fees and Expenses.* Each Guarantor, jointly and severally, agrees to pay promptly, to the extent not previously finally and indefeasibly paid in full by the Borrower, (i) all reasonable costs and expenses of any Beneficiary in connection with (A) any and all amounts which any Beneficiary has paid relative to the curing of any default resulting from the acts or omissions of any Guarantor under this Guaranty and (B) the enforcement of this Guaranty and the preservation of the Beneficiaries' rights hereunder.

Section 22. *Taxes.* Each of the agreements set forth in Section 4.7 of the Credit Agreement is hereby incorporated by reference *mutatis mutandis* with the same effect as if such agreements had been set forth herein (it being understood that the intent of the parties under this Section 22 is to provide that, subject to the limitations of Section 4.7 of the Credit Agreement, each of the Agents, the Facing Agents, the Collateral Agent and each Lender receive and retain the same amount net of all Taxes that such Lender would have received had payment been made by the Borrower under the Credit Agreement). All references in such incorporated provisions to "the Borrower" shall be deemed references to each Guarantor and all references in such incorporated provisions to "this Agreement", "the Loan Documents" or words of similar meaning shall be deemed references to this Guaranty. Each Guarantor further agrees to pay any and all stamp, transfer and other similar taxes or fees payable or determined to be payable in connection with the execution, delivery, filing and recording of any instrument or document that may be delivered in connection with this Guaranty, and agrees to save Collateral Agent and each other Beneficiary harmless from and against any and all liabilities with respect to or resulting from any delay in paying, or omission to pay, such taxes or fees.

Section 23. *Foreign Exchange Indemnity.* Each sum due under this Guaranty or in respect of the Guaranteed Obligations shall be paid in the currency that such Guaranteed Obligation is denominated. If any sum due from any Guarantor under this Guaranty has to be converted from the currency in which the same is payable hereunder into another currency, it shall be converted at the Exchange Rate determined as of the date such sums are paid hereunder. Each of the agreements set forth in Section 12.4(b) of the Credit Agreement is hereby incorporated by reference *mutatis mutandis* with the same effect as if such agreements had been set forth herein (it being understood that the intent of the parties under this Section 23 is to provide that, subject to Section 12.4(b) of the Credit Agreement, each Beneficiary is indemnified for losses incurred as a result of foreign currency exchange to the same extent such Beneficiary is indemnified by the Borrower under the Credit Agreement). All references in such incorporated provisions to "the Borrower" shall be deemed references to each Guarantor and all references in such incorporated provisions to "this Agreement" shall be deemed references to this Guaranty.

Section 24. *Counterparts.* This Guaranty may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Guaranty.

Section 25. *Headings.* Section and other headings used in this Guaranty are for convenience only and shall not affect the construction of this Guaranty.

Section 26. *Release.* Upon the sale of all of the capital stock of any Guarantor in accordance with Section 8.3 of the Credit Agreement, such Guarantor and each of its Subsidiaries shall automatically be released from all of its obligations under this Guaranty.

**[SIGNATURE PAGES FOLLOW]**

**EXECUTION VERSION**

IN WITNESS WHEREOF, each of the Guarantors has caused this Subsidiary Guaranty Agreement to be duly executed and delivered by its proper and duly authorized officer as of the day and year first above written by signing a separate signature page.

Acknowledged and Agreed to:

DEUTSCHE BANK AG NEW YORK  
BRANCH, as Collateral Agent

By:

\_\_\_\_\_

Name:

\_\_\_\_\_

Title:

\_\_\_\_\_

Notice Address:

Deutsche Bank AG New York Branch  
31 West 52nd Street  
New York, NY 10019  
Attention: Chris Towery  
Tel. No.: (212) 250-0839  
Telecopier No.: (212) 797-0070

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HUNTSMAN CHEMICAL PURCHASING CORPORATION  
HUNTSMAN INTERNATIONAL CHEMICALS CORPORATION  
HUNTSMAN PETROCHEMICAL PURCHASING CORPORATION  
POLYMER MATERIALS INC.  
AIRSTAR CORPORATION  
HUNTSMAN PROCUREMENT CORPORATION  
JK HOLDINGS CORPORATION  
HUNTSMAN AUSTRALIA INC.  
HUNTSMAN CHEMICAL FINANCE CORPORATION  
HUNTSMAN ENTERPRISES, INC.  
HUNTSMAN FAMILY CORPORATION  
HUNTSMAN GROUP HOLDINGS FINANCE CORPORATION  
HUNTSMAN GROUP INTELLECTUAL PROPERTY HOLDINGS CORPORATION  
HUNTSMAN INTERNATIONAL SERVICES CORPORATION  
HUNTSMAN MA INVESTMENT CORPORATION  
HUNTSMAN MA SERVICES CORPORATION  
HUNTSMAN PETROCHEMICAL FINANCE CORPORATION  
HUNTSMAN PETROCHEMICAL CANADA HOLDINGS CORPORATION  
HUNTSMAN POLYMERS HOLDINGS CORPORATION  
HUNTSMAN CHEMICAL COMPANY LLC  
PETROSTAR INDUSTRIES LLC  
EUROFUELS LLC  
EUROSTAR INDUSTRIES LLC  
HUNTSMAN EA HOLDINGS LLC  
HUNTSMAN INTERNATIONAL TRADING CORPORATION  
HUNTSMAN PETROCHEMICAL CORPORATION  
HUNTSMAN POLYMERS CORPORATION  
HUNTSMAN PROPYLENE OXIDE HOLDINGS LLC  
HUNTSMAN TEXAS HOLDINGS LLC

By: \_\_\_\_\_  
Name:  
Title:

PETROSTAR FUELS LLC

By: \_\_\_\_\_  
Name:  
Title:

HUNTSMAN PURCHASING, LTD.

By: Huntsman Procurement Corporation, its General Partner

By: \_\_\_\_\_  
Name:  
Title:

HUNTSMAN ETHYLENEAMINES LTD.

By: Huntsman EA Holdings LLC, its General Partner

By: \_\_\_\_\_  
Name:  
Title:

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HUNTSMAN EXPANDABLE POLYMERS COMPANY, LC

By: Huntsman International Chemical Corporation, its Sole Member and Manager

By:

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Name:  
Title:

HUNTSMAN FUELS, L.P.

By: Petrostar Fuels LLC, its General Partner

By:

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Name:  
Title:

HUNTSMAN INTERNATIONAL FUELS, L.P.

By: Eurofuels LLC, its General Partner

By:

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Name:  
Title:

HUNTSMAN PROPYLENE OXIDE LTD.

By: Huntsman Propylene Oxide Holdings LLC, its General Partner

By:

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Name:  
Title:

HUNTSMAN INTERNATIONAL FINANCIAL LLC.

By:

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Name:  
Title:

TIOXIDE GROUP

By:

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Name:  
Title:

TIOXIDE AMERICAS, INC.

By:

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Name:  
Title:

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**EXHIBIT A**  
**to**  
**SUBSIDIARY GUARANTY AGREEMENT**  
**FORM OF SUPPLEMENT TO**  
**SUBSIDIARY GUARANTY AGREEMENT**

THIS SUPPLEMENT NO. \_\_\_\_\_ dated as of \_\_\_\_\_ (this "*Supplement*") to the Subsidiary Guaranty Agreement (as defined below) is made by \_\_\_\_\_, a \_\_\_\_\_ ("*New Guarantor*"), in favor of the Beneficiaries (as defined in the Subsidiary Guaranty Agreement).

**WITNESSETH:**

WHEREAS, Huntsman International LLC, a Delaware limited liability company (the "*Borrower*"), is party to that certain Credit Agreement dated as of August \_\_\_\_\_, 2005 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), with Deutsche Bank AG New York Branch, as Administrative Agent for the Lenders thereunder (the "*Administrative Agent*"), Deutsche Bank Securities, Inc., as Joint Lead Arranger and Joint Book Runner, Citigroup Global Markets, as Co-Syndication Agent, Joint Lead Arranger and Joint Book Runner, Credit Suisse, as Co-Syndication Agent, Joint Lead Arranger and Joint Book Runner, and the Lenders identified therein;

WHEREAS, New Guarantor is a Subsidiary (as defined in the Credit Agreement);

WHEREAS, as a condition precedent to their entering into the Credit Agreement, the Administrative Agent and the Lenders thereunder required the Borrower to cause certain of its Subsidiaries to execute and deliver that certain Subsidiary Guaranty dated as of August \_\_\_\_\_, 2005 (as heretofore or hereafter amended, restated, supplemented or otherwise modified from time to time, the "*Subsidiary Guaranty*");

WHEREAS, the proceeds of Extensions of Credit (as defined in the Subsidiary Guaranty) heretofore have been and hereafter will be used in part to enable the Borrower to make Valuable Transfers (as defined in the Subsidiary Guaranty) to each of the Guarantors (including New Guarantor) in connection with the operation of its business;

WHEREAS, the Borrower and New Guarantor are engaged in related businesses, and New Guarantor will derive substantial direct and indirect benefit from the making of Extensions of Credit;

WHEREAS, pursuant to Section 7.11(b) of the Credit Agreement, the Borrower is required to cause (i) each Subsidiary (other than a Receivables Subsidiary) that is organized under the laws of a state of the United States of America or the District of Columbia and (ii) each other Subsidiary that is wholly owned by a corporation organized under the laws of a state of the United States or the District of Columbia and is disregarded as an entity separate from that owner under Treasury Regulation section 301.7701-3 to become a Guarantor under the Subsidiary Guaranty; and

WHEREAS, Section 18(b) of the Subsidiary Guaranty provides that certain additional Subsidiaries of the Borrower may become Guarantors under the Subsidiary Guaranty by execution and delivery of an instrument in the form of this Supplement.

NOW, THEREFORE, in consideration of the premises and to induce the Lenders to continue to make Extensions of Credit, New Guarantor hereby agrees as follows:

Section 1 *Definitions*. Each capitalized term used herein and not otherwise defined herein shall have the meaning assigned to such term in the Subsidiary Guaranty or, if not defined herein or in the Subsidiary Guaranty, in the Credit Agreement.

Section 2 *Guarantee of Obligations*. In accordance with Section 18(b) of the Subsidiary Guaranty, New Guarantor, by its execution and delivery of this Supplement, hereby becomes a Guarantor under the Subsidiary Guaranty for all purposes thereunder with the same force and effect as

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if originally named therein as a Guarantor, without further action, approval or consent by any other Person, and New Guarantor hereby (a) agrees to all the terms and provisions of the Subsidiary Guaranty applicable to it as a Guarantor thereunder and (b) represents and warrants that the representations and warranties deemed to be made by it as a Guarantor thereunder are true and correct on and as of the date hereof. Each reference to a "Guarantor" in the Subsidiary Guaranty shall be deemed for all purposes to include New Guarantor. All of the terms of the Subsidiary Guaranty are hereby incorporated in their entirety.

Section 3 *Representations and Warranties.* New Guarantor represents and warrants to the Beneficiaries that this Supplement has been duly authorized, executed and delivered by it and is its legal, valid and binding obligation, enforceable against it in accordance with its terms.

Section 4 *Counterparts.* This Supplement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Supplement.

Section 5 *Full Force and Effect.* Except as expressly supplemented hereby, the Subsidiary Guaranty remains in full force and effect.

Section 6 ***GOVERNING LAW.*** **THIS SUPPLEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE INTERNAL LAWS OF THE STATE OF NEW YORK, AND FOR ALL PURPOSES BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.**

Section 7 *Enforceability.* Any provision of this Supplement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. If this Supplement would be held or determined by a court of competent jurisdiction in a judicial proceeding to be void, voidable, invalid or unenforceable on account of the amount of the aggregate liability of New Guarantor under the Subsidiary Guaranty or by reason of any inconsistent contractual provision binding on New Guarantor and in effect on or prior to the date hereof, then, notwithstanding any other provision of this Supplement or the Subsidiary Guaranty to the contrary, the aggregate amount of the liability of New Guarantor under the Subsidiary Guaranty shall, without any further action by any Guarantor, the Beneficiaries or any other Person, be automatically limited and reduced to the maximum amount which is valid and enforceable.

Section 8 *Fees.* New Guarantor agrees to reimburse the Administrative Agent for their respective reasonable out-of-pocket expenses (including Attorney Costs) incurred in connection with the preparation, execution and delivery of this Supplement.

**[SIGNATURE PAGE FOLLOWS]**

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IN WITNESS WHEREOF, the New Guarantor has caused this Supplement No. \_\_\_\_\_ to the Subsidiary Guaranty to be duly executed and delivered by its properly and duly authorized officer as of the date first written above.

**[NEW GUARANTOR]**

By:

Name:

Title:

Notice Address:

Acknowledged and Agreed to:

DEUTSCHE BANK AG NEW YORK BRANCH  
as Collateral Agent

By:

Name:

Title:

Notice Address:

Deutsche Bank Trust Company Americas  
31 West 52nd Street  
New York, NY 10019  
Attention: Chris Towery  
Tel. No.: (212) 250-0839  
Telecopier No.: (212) 797-

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**FORM OF TAX SHARING AGREEMENT**

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## TAX SHARING AGREEMENT

THIS TAX SHARING AGREEMENT (this "*Agreement*") is made and entered into as of August 15, 2005 (the "*Effective Date*"), by and among Huntsman Corporation, a Delaware corporation ("*Parent*") and Huntsman International LLC, a Delaware limited liability company ("*HI*").

### RECITALS:

WHEREAS, Parent is the common parent corporation of an affiliated group of corporations, all within the meaning of Section 1504 of the Internal Revenue Code of 1986, as amended (the "*Code*"); and

WHEREAS, Parent will file consolidated federal income tax returns on behalf of itself and other Members (as defined in Section 1(e)) of the Group; and

WHEREAS, Parent and HI desire to enter into an agreement to provide for the allocation and settlement, in an equitable manner, of the consolidated federal income tax liabilities and benefits of the Group and the state and local income tax liabilities and benefits of the Group in the states and localities in which one or more members of the Group are treated as a consolidated, combined, or unitary tax reporting group.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, as of the Effective Date, Parent and HI hereby agree as follows:

1. *Definitions.* For purposes of this Agreement, the following terms shall be defined as follows:

(a) "*Code*" shall have the meaning ascribed above.

(b) "*Estimated Tax Payments*" shall mean for a Taxable Period the aggregate payments for such Taxable Period provided in Section 4 hereof.

(c) "*Final Determination*" shall mean a closing agreement with the Internal Revenue Service, a claim for refund which has been allowed, a deficiency notice with respect to which the period for filing a petition with the Tax Court has expired, or a decision of any court of competent jurisdiction which is not subject to appeal or the time for appeal of which has expired.

(d) "*Group*" shall mean the affiliated group of corporations of which Parent is the common parent corporation, all within the meaning of Section 1504 of the Code.

(e) "*Member*" shall mean Parent, HI and their respective direct and indirect subsidiaries that are part of the Group.

(f) "*Parent*" shall have the meaning ascribed above.

(g) "*Subsidiaries*" shall mean, collectively, (i) HI and (ii) each direct subsidiary of Parent that is a Member.

(h) "*Subsidiary Group*" shall mean a single Subsidiary or a group of corporations consisting of a Subsidiary and every other Member of the Group which would be deemed an includible corporation in an affiliated group of which such Subsidiary would be the common parent corporation, all within the meaning of Section 1504 of the Code, if such Subsidiary were not a Member of the Group. If HI, at the date of this Agreement or in the future, has not elected for federal income tax purposes to be treated as an association taxable as a corporation, it shall still be considered a corporation for purposes of this Agreement.

(i) "*Subsidiary Group Separate Tax*" for a Taxable Period shall mean a hypothetical consolidated federal income tax liability for the subject Subsidiary Group for such Taxable Period calculated by

Parent and determined as if such Subsidiary Group had filed its own consolidated federal income tax return for such Taxable Period (i) taking into account losses, credits, carryover of losses and credits from any Taxable Period, and other tax attributes of members of such Subsidiary Group, but only if and to the extent that such attributes actually would have been utilized (taking into account all applicable rules and limitations) in the determination of the consolidated federal income tax for such Subsidiary Group for such Taxable Period (whether or not such attributes actually are utilized in the determination of the consolidated federal income tax liability of the Group for such Taxable Period) and assuming that such Subsidiary Group has filed its own consolidated federal income tax returns for all prior Taxable Periods, (ii) taking into account any redetermination of tax liability under Section 5(a) hereof and (iii) without taking into account any items of loss, credits, carryovers of losses and credits, and similar attributes to the extent that Parent has previously paid any amounts in respect of such items and attributes pursuant to Section 2(b) hereof. Such hypothetical consolidated federal income tax liability for any Taxable Period shall be computed on the basis of the accounting methods and principles, elections, and conventions (collectively, "Methods") actually used in the determination of the federal income tax liability of the Group for the preceding Taxable Period (or, in the case of the first Taxable Period for which this Agreement is in effect, such Methods actually used by Parent in the taxable year in which this Agreement is signed or, to the extent that new Methods must be selected, such Methods as may be determined by Parent after consultation with the Subsidiaries); provided that in the event that, as a result of a change in the law or circumstances, the Group becomes eligible to use a Method not available in the preceding Taxable Period, Parent after consultation with the Subsidiaries may elect to use such Method and such Method shall apply for all subsequent Taxable Periods.

(j) "*Taxable Period*" shall mean any taxable year or portion thereof ending on or after the Effective Date with respect to which a consolidated federal income tax return including any of the Subsidiaries is filed on behalf of the Group.

## 2. *Payments.*

(a) For every Taxable Period, (1) each Subsidiary Group shall pay to Parent an amount equal to the excess, if any, of the Subsidiary Group Separate Tax for such Taxable Period over the Estimated Tax Payments made by such Subsidiary Group for such Taxable Period or (2) Parent shall pay to the Subsidiary that is the parent corporation of each Subsidiary Group an amount equal to the excess, if any, of the Estimated Tax Payments made by such Subsidiary's Subsidiary Group for such Taxable Period over the Subsidiary Group Separate Tax for such Taxable Period. If the applicable Subsidiary Group would be entitled to a refund (the "*deemed refund*") with respect to amounts paid by it to Parent pursuant to this Agreement for a Taxable Period if it had filed its own consolidated tax return for all Taxable Periods, then Parent shall pay to the Subsidiary that is the parent corporation of the applicable Subsidiary Group the amount of such deemed refund within thirty (30) days of the date that the Group consolidated federal income tax return for the Taxable Period referred to in clause (1) is filed or within ten (10) days of the receipt of a refund from the IRS, whichever is later.

(b) If any Subsidiary Group has any items of loss or credit, any carryovers of losses, credits or similar attributes that are not (and have not been) used to calculate the Subsidiary Group Separate Tax of such Subsidiary Group and Parent uses such items or attributes to reduce the Group's federal income tax liability on the Group's consolidated federal income tax return for a Taxable Period, then Parent shall pay the parent of such Subsidiary Group an amount equal to the benefit obtained from the use of such items or attributes to reduce the federal income tax liability of the Group on such return for such Taxable Period.

3. *Time and Form of Payment.* Payments pursuant to Section 2 hereof shall be made no sooner than ten (10) days before and no later than thirty (30) days following the filing of the Group's consolidated federal income tax return for the Taxable Period in question. Payment shall be made in



immediately available funds or, at the discretion of Parent, by an adjustment to the applicable intercompany accounts; provided that no such adjustment may be made with respect to intercompany accounts that represent or constitute Indebtedness (as that term is defined in the Credit Agreement, dated August 16, 2005, by and among HI, as Borrower, Deutsche Bank AG New York Branch, as Administrative Agent, and the Lenders referenced therein, as such agreement may be amended, restated, replaced or novated) of HI. If the due date for such return is extended, payments pursuant to Section 2(a) shall be made on an estimated basis no later than seven (7) days prior to the original due date for such return. Any difference between the Subsidiary Group Separate Tax and such estimated payments shall be paid to the party entitled thereto no later than thirty (30) days following the filing of the Group's extended consolidated federal income tax return or within ten (10) days of the receipt of a refund from the IRS, whichever is later.

4. *Estimated Tax Payment.* For every Taxable Period beginning on the Effective Date and thereafter, no sooner than ten (10) and no later than seven (7) days prior to the fifteenth day of the fourth, sixth, ninth, and twelfth months of such Taxable Period, each Subsidiary Group shall pay to Parent the amount of estimated federal income taxes which such Subsidiary Group would be required to pay on or before such dates if such Subsidiary Group had filed a consolidated federal income tax return for such Taxable Period, which return included only members of such Subsidiary Group. Such hypothetical estimated federal income tax liability shall be determined by Parent in a manner consistent with Section 2 hereof and in accordance with the applicable rules of the Code and Treasury Regulations, as in effect from time to time, governing the calculation of estimated corporation federal income tax, including such rules regarding payments of estimated tax in taxable years of less than twelve (12) months. In the event that a consolidated federal income tax return is not filed by Parent for any taxable year, any payments made pursuant to this Section shall be refunded no later than seven (7) days prior to the due date of the separate return of the respective Subsidiary for such taxable year.

5. *Adjustments.*

(a) *Redetermination of Tax Liability.* In the event of any redetermination of the consolidated federal income tax liability of the Group for any Taxable Period as a result of an audit by the Internal Revenue Service, a claim for refund, or otherwise, the Subsidiary Group Separate Tax shall be recomputed by Parent for such Taxable Period to take into account such redetermination, and the payments pursuant to Section 2 hereof shall be appropriately adjusted. Any payment between Parent and a Subsidiary required by such adjustment shall be paid within seven (7) days of the date of a Final Determination with respect to such redetermination, or as soon as such adjustment can practicably be calculated, if later. To the extent that the parent corporation of a Subsidiary Group was paid for the benefit of the use of any items or attributes pursuant to Section 2(b) and such items or attributes are reduced or disallowed pursuant to a Final Determination, such Subsidiary Group shall return such payment to Parent together with interest and any assessed penalties as calculated in the Final Determination.

(b) *Deconsolidation.* In the event that a Subsidiary is determined not to have been properly treated as an includible corporation in the Group with respect to any Taxable Period, the amount of any payments made by or on account of such Subsidiary with respect to such Taxable Period under Sections 2(a) and 4 hereof (taking into account any adjustments pursuant to Section 5(a)) shall be refunded by Parent to the parent corporation of the Subsidiary Group that includes such Subsidiary with interest at the rate determined under Section 6621(a)(2) of the Code and the Subsidiary shall pay to Parent any amounts previously paid pursuant to Section 2(b) with interest at the rate determined under Section 6621(a)(2) of the Code, in each case within seven (7) days of a Final Determination of such deconsolidation, or as soon as the amount to be refunded can practicably be determined, if later.

(c) *Refunds for Pre-Affiliation Periods.* Any refund of taxes previously paid by a member of a Subsidiary Group for a taxable period ending prior to such member's becoming a Member of the Group shall be the property of that Subsidiary Group.

6. *Filing of Returns, Payment of Tax, Etc.*

(a) *Parent as Agent.* Each Subsidiary hereby appoints Parent as its agent, as long as the Subsidiary is a Member of the Group, for the purpose of filing such consolidated federal income tax returns for the Group as Parent may elect to file and making any election or application, or taking any action in connection therewith on behalf of the Members of the Group. Each Subsidiary hereby consents to the filing of such returns, and the making of such elections and applications.

(b) *Cooperation.* Parent and the Subsidiaries shall cooperate in the Filing of any consolidated federal income tax returns for the Group by maintaining such books and records and providing such information as may be necessary or useful in the filing of such returns, and executing any documents and taking any actions which Parent or the Subsidiaries may reasonably request in connection therewith. Parent will provide the Subsidiaries with copies of any such returns promptly after such returns are filed. Parent and the Subsidiaries will provide each other with such information concerning such returns and the application of this Agreement as Parent or the Subsidiaries may reasonably request of each other.

(c) *Payment of Tax.* For every Taxable Period, Parent will pay or discharge, or cause to be paid or discharged, the consolidated federal income tax liability of the Group, including payments of estimated taxes for any such Taxable Period.

7. *Adjudications.* In any audit, conference, or other proceeding with the Internal Revenue Service or in any judicial proceedings concerning the determination of the federal income tax liabilities of the Group or any of its Members, the Group and each of its Members shall be represented by persons selected by Parent. Parent shall inform the Subsidiaries of any such proceedings which may give rise to liability between the Subsidiaries and Parent hereunder and shall give the Subsidiaries a reasonable opportunity to attend and participate therein; provided, however, that Parent shall retain ultimate control over the Group's participation in such proceedings. The settlement and terms of settlement of any issues relating to any such proceeding shall be concluded in the good faith discretion of Parent, and each member of the Group appoints Parent as its agent for purposes of properly concluding any such settlement.

8. *State and Local Taxes.* The provisions of this Agreement governing the consolidated federal income tax liability and reporting of the Group shall be applied in a similar manner to the income tax liability and reporting of any Members of the Group which constitute a combined, consolidated, or unitary group for purposes of any state or local taxing jurisdiction.

9. *Binding Effect; Successors; Additional Parties.* This Agreement shall be binding upon Parent, each Subsidiary and each direct subsidiary of each Subsidiary, including without limitation any new Subsidiary and any new direct subsidiary of a Subsidiary organized or acquired after the Effective Date. Parent shall cause each Subsidiary that is formed or acquired after the Effective Date to execute this Agreement and become a party hereto as of the date that it becomes a Subsidiary. This Agreement shall inure to the benefit of and be binding upon any successors or assigns of the parties hereto.

10. *Equitable Interpretation.* This Agreement is intended to equitably allocate the federal, state, and local income tax liabilities of the Group, and any situations or circumstances concerning such allocation which are not specifically contemplated hereby or provided for herein shall be dealt with in a manner consistent with the underlying principles of allocation contained in this Agreement.

11. *Legal and Accounting Fees.* Any fees or expenses for legal, accounting, or other professional services (to the extent not already governed by a service or other agreement among any of the

Members) rendered in connection with the preparation of a consolidated federal income tax return for the Group or a consolidated, combined, or unitary tax return for one or more Members of the Group, the application of the provisions of this Agreement, or any audit, conference, or proceeding of the Internal Revenue Service or judicial proceedings relevant to any determination required to be made hereunder shall be allocated between the Members of the Group in an equitable manner as specified by Parent; provided, however, that if any Subsidiary objects to such allocation, such allocation shall be determined in the manner specified in Section 12 hereof.

12. *Effect of Agreement.* This Agreement shall determine the liability of Parent and each Subsidiary to each other as to the matters provided for herein, whether or not such determination is effective for purposes of the Treasury Regulations, financial reporting purposes, or other purposes. Nothing contained herein shall preclude any Subsidiary from entering into any agreement with any other Members concerning the allocation of federal income tax liabilities.

13. *Entire Agreement.* This Agreement embodies the entire understanding between the parties relating to its subject matter and, effective as of the Effective Date, amends entirely, supersedes, and terminates all prior agreements between the parties with respect to such subject matter. Any and all prior agreements, correspondence, conversations, and memoranda are merged herein and shall be without effect hereon. No promises, covenants, or representations of any kind, other than those expressly stated herein, have been made to induce any party to enter into this Agreement. This Agreement, including this provision against oral modification, shall not be modified or terminated except by a writing duly signed by each of the parties hereto (excluding any parties who have ceased to be members of the Group and the execution of this Agreement by additional Subsidiaries pursuant to Section 9 hereof), and no waiver of any provision of this Agreement shall be effective unless in writing duly signed by the party sought to be bound.

14. *Code References.* Any references to the sections of the Code or Treasury Regulations shall be deemed to refer to any successor provisions and shall refer to such sections or provisions as in effect from time to time.

15. *Notices.* Any payment, notice, or communication required or permitted to be given under this Agreement shall be deemed to have been given when hand-delivered or when deposited in the United States mail, postage prepaid, and in either case addressed as follows:

If to Parent:

Huntsman Corporation  
500 Huntsman Way  
Salt Lake City, Utah 84108  
Attention: Chief Financial Officer

If to HI:

Huntsman International  
500 Huntsman Way  
Salt Lake City, Utah 84108  
Attention: Chief Financial Officer

or to such other address as a party shall hereafter furnish in writing to the other parties.

16. *Governing Law.* This Agreement shall be construed under and governed by the laws of the State of Delaware.

17. *Term of Agreement.* This Agreement shall apply to every Taxable Period unless previously terminated by the written agreement of the parties and, unless otherwise agreed to in writing by the parties, shall remain in effect with respect to any such Taxable Period until the later of the expiration

of the period of limitations for assessment of a deficiency of making of a claim for refund for such Taxable Period.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed.

HUNTSMAN CORPORATION  
a Delaware corporation

HUNTSMAN INTERNATIONAL LLC  
a Delaware limited liability company

By: /s/ Sean Douglas

By: /s/ Sean Douglas

Name: Sean Douglas  
Title: Vice President and Treasurer

Name: Sean Douglas  
Title: Vice President and Treasurer

**SCHEDULE 1.1(a)**

**Commitments**

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**REVOLVING COMMITMENTS as of September 30, 2010**

<u>Revolving Lender</u>	<u>Amount</u>
JPMorgan Chase Bank, N.A.	\$ 50,000,000.00
Barclays Bank PLC	\$ 35,000,000.00
Citicorp NA Inc.	\$ 35,000,000.00
Credit Suisse AG, Cayman Islands Branch	\$ 35,000,000.00
Goldman Sachs Credit Partners	\$ 40,000,000.00
HSBC Bank USA, National Association	\$ 35,000,000.00
Merrill Lynch Capital Corporation	\$ 35,000,000.00
PNC Bank, National Association	\$ 25,000,000.00
<b>TOTAL:</b>	<b>\$ 290,000,000.00</b>

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**SCHEDULE 1.1(c)**

**List of Unrestricted Subsidiaries**

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**List of Unrestricted Subsidiaries  
(First Tier)**

	<b>Company</b>	<b>Jurisdiction</b>	<b>Ownership</b>
1	HCPH Holdings Pty Limited	Australia	50% Huntsman Australia Inc. 50% HF II Australia Holdings Company LLC
2	HF II Australia Holdings Company LLC	Utah	100% Huntsman Australia Inc.
3	Huntsman Australia Holdings Corporation	Utah	100% Huntsman International LLC
4	Huntsman Australia Styrenics Pty Ltd	Australia	100% Huntsman Australia Inc.
5	Huntsman Chemical Australia Holdings Pty Limited	Australia	100% Huntsman Australia Inc.
6	Huntsman China Investments BV	Netherlands	100% Huntsman Investments (Netherlands) B.V.
7	Huntsman Distribution Corporation	Utah	100% Huntsman International LLC
8	Huntsman Offshore Investments Limited	U.K.	100% Huntsman (Holdings) UK
9	Huntsman Pigments LLC	Delaware	100% Huntsman International LLC
10	Huntsman SA Investment Corporation	Utah	100% Huntsman Petrochemical LLC
11	Huntsman Styrenics Investment Holdings, L.L.C.	Delaware	100% Huntsman International LLC
12	HUNTSMAN Verwaltungs GmbH	Germany	100% Huntsman Advanced Materials Hamburg GmbH

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**SCHEDULE 8.9**

**IRIC Account Procedures**

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### **IRIC Account Procedures**

The Company may transfer to International Risk Company, and International Risk Insurance Company may hold for not more than 5 Business Days, Cash and Cash Equivalents (which shall be held in a deposit account) in amounts which represent premiums then currently due International Risk Insurance Company's insurance carriers as well as other expenses to be paid by International Risk Insurance Company in the ordinary course of business and consistent with past practices. In addition, International Risk Insurance Company may hold, for a period of not more than 5 Business Days, reinsurance settlement proceeds which have been received.

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[FORM OF TERM B DOLLAR NOTE](#)

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[SCHEDULE 1.1\(c\) List of Unrestricted Subsidiaries](#)

[List of Unrestricted Subsidiaries \(First Tier\)](#)

[SCHEDULE 8.9 IRIC Account Procedures](#)  
[IRIC Account Procedures](#)

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

I, Peter R. Huntsman, certify that:

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

Date: November 4, 2010

/s/ PETER R. HUNTSMAN

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Peter R. Huntsman  
*Chief Executive Officer*

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QuickLinks

[Exhibit 31.1](#)

[CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13A-14\(A\) AND 15D-14\(A\), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002](#)

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

I, J. Kimo Esplin, certify that:

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

Date: November 4, 2010

/s/ J. KIMO ESPLIN

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J. Kimo Esplin  
*Chief Financial Officer*

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QuickLinks

[Exhibit 31.2](#)

[CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13A-14\(A\) AND 15D-14\(A\), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002](#)



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

In connection with the Quarterly Report on Form 10-Q of Huntsman Corporation and Huntsman International LLC (the "Companies") for the period ended September 30, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter R. Huntsman, Chief Executive Officer of the Companies, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

/s/ PETER R. HUNTSMAN

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Peter R. Huntsman  
*Chief Executive Officer*

November 4, 2010

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[Exhibit 32.1](#)

[CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002](#)

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

In connection with the Quarterly Report on Form 10-Q of Huntsman Corporation and Huntsman International LLC (the "Companies") for the period ended September 30, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. Kimo Esplin, Chief Financial Officer of the Companies, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

/s/ J. KIMO ESPLIN

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J. Kimo Esplin  
*Chief Financial Officer*

November 4, 2010

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[Exhibit 32.2](#)

[CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002](#)