HUNTSMAN INTERNATIONAL LLC
Form 10-K
February 19, 2010

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

Form 10-K

(Mark One)

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009**

OR

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

Commission File Number	Exact Name of Registrant as Specified in its Charter, Principal Office Address and Telephone Number	State of Incorporation/Organization	I.R.S. Employer Identification No.
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

Securities registered pursuant to Section 12(b) of the Exchange Act:

Registrant	Title of each class	Name of each exchange on which registered
Huntsman Corporation	Common Stock, par value $0.01 per share	New York Stock Exchange
Huntsman International LLC	None	None

Securities registered pursuant to Section 12(g) of the Exchange Act:

Registrant	Title of each class
Huntsman Corporation	None
Huntsman International LLC	None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Huntsman Corporation	YES o	NO ý
Huntsman International LLC	YES o	NO ý

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Huntsman Corporation	YES o	NO ý
Huntsman International LLC	YES o	NO ý

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 ý	NO o
Huntsman International LLC	YES ý	NO o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Huntsman Corporation	YES o	NO o
Huntsman International LLC	YES o	NO o

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 the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

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

Huntsman Corporation	YES o	NO ý
Huntsman International LLC	YES o	NO ý

On June 30, 2009, the last business day of the registrants' most recently completed second fiscal quarter, the aggregate market value of voting and non-voting common equity held by nonaffiliates was as follows:

Registrant	**Common Equity**	**Market Value Held by Nonaffiliates**
Huntsman Corporation	Common Stock	$ 931,158,052(1)
Huntsman International LLC	Units of Membership Interest	$ 0(2)

(1) Based on the closing price of $5.03 per share of common stock as quoted on the New York Stock Exchange.

(2) All units of membership interest are held by Huntsman Corporation, an affiliate.

On February 11, 2010, the number of shares outstanding of each of the registrant's classes of common equity were as follows:

Registrant	**Common Equity**	**Outstanding**
Huntsman Corporation	Common Stock	237,303,674
Huntsman International LLC	Units of Membership Interest	2,728

This Annual Report on Form 10-K 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 Annual Report on Form 10-K 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 (I)(1)(a) and (b) of Form 10-K and, to the extent applicable, is therefore filing this form with a reduced disclosure format.

Documents Incorporated by Reference

Part III: Proxy Statement for the 2009 Annual Meeting of Stockholders to be filed within 120 days of Huntsman Corporation's fiscal year ended December 31, 2009.

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HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

2009 ANNUAL REPORT ON FORM 10-K

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

All forward-looking statements, including without limitation management's examination of historical operating trends, are based upon our current expectations and 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 set forth in "Part I. Item 1A. Risk Factors" and elsewhere in this report.

This report includes information with respect to market share, industry conditions and forecasts that we obtained from internal industry research, publicly available information (including industry publications and surveys), and surveys and market research provided by consultants. The publicly available information and the reports, forecasts and other research provided by consultants generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy and completeness of such information. We have not independently verified any of the data from third-party sources, nor have we ascertained the underlying economic assumptions relied upon therein. Similarly, our internal research and forecasts are based upon our management's understanding of industry conditions, and such information has not been verified by any independent sources.

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 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 Investment BV (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. Many of these terms are defined in the Glossary of Chemical Terms found at the conclusion of "Part I. Item 1. Business" below.

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PART I

ITEM 1. BUSINESS

GENERAL

We are a global manufacturer of differentiated organic chemical products and of inorganic chemical products. 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 polystyrene plastics packaging company. Since then, we have grown through a series of significant acquisitions and now own a global portfolio of businesses. In 2005, we completed an initial public stock offering.

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.

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

TERMINATION OF MERGER AGREEMENT AND SETTLEMENT OF RELATED LITIGATION

On July 12, 2007, we entered into an Agreement and Plan of Merger with Hexion and one of its subsidiaries (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 proposed merger (the "Terminated Merger" or "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 a settlement agreement with Apollo, Hexion and certain of their affiliates (the "Apollo Settlement Agreement"). Pursuant to the Apollo Settlement Agreement, Hexion and certain Apollo affiliates have paid us an aggregate amount of $1 billion, $250 million of which was for the purchase of our 7% convertible notes due 2018 (the "Convertible Notes"). See "Recent Developments Repurchase of Convertible Notes" below and "Note 26. Income (Expenses) Associated with the Terminated Merger and Related Litigation" to our consolidated financial statements.

On September 30, 2008, we filed suit in the 9th Judicial District Court in Montgomery County, Texas (the "Texas Bank Litigation") against affiliates of Credit Suisse Securities (USA) LLC and Deutsche Bank Securities Inc. (collectively, the "Banks"). On June 22, 2009, we entered into an Agreement of Compromise and Settlement with the Banks (the "Texas Bank Litigation Settlement Agreement"). 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 $600 million aggregate principal amount of 5.5% senior notes due 2016 from Huntsman International (the "2016 Senior Notes") and provided Huntsman International with term loan C in the principal amount of $500 million ("Term Loan C"). See "Note 13. Debt Convertible Notes" to our consolidated financial statements.

DISPOSITION OF COMMODITY CHEMICAL BUSINESSES

Beginning in 2006, we completed a series of transactions pursuant to which we have disposed of our former commodity chemicals businesses:

- On December 29, 2006, we sold all of the outstanding equity interests of Huntsman Petrochemicals (UK) Limited to SABIC (the "U.K. Petrochemicals Disposition"). See "Note 27. Discontinued Operations European Base Chemicals and Polymers Business" to our consolidated financial statements.

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On November 5, 2007, we completed the sale of our U.S. base chemicals business to Flint Hills Resources, a wholly owned subsidiary of Koch, (the "U.S. Base Chemicals Disposition"), and, on August 1, 2007, we closed on the sale of our North American polymers business assets to Flint Hills Resources (the "North American Polymers Disposition" and together with the U.S. Base Chemicals Disposition, the "U.S. Petrochemicals Disposition"). See "Note 27. Discontinued Operations" to our consolidated financial statements.

On September 8, 2009, we announced the closure of our styrenics facility located at West Footscray, Australia. We expect to complete the subsequent closure of our polystyrene and expandable polystyrene plants during the first quarter of 2010. See "Recent Developments Closure of Australian Styrenics Operations" below and "Note 10. Restructuring, Impairment and Plant Closing Costs" to our consolidated financial statements.

RECENT DEVELOPMENTS

Repurchase of Convertible Notes

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 as part of the Apollo Settlement Agreement. The Convertible Notes, which would have matured on December 23, 2018, bore interest at the rate of 7% per year and were convertible into approximately 31.8 million shares of our common stock at any time by the holders. As a result of the repurchase of the Convertible Notes, we will record a loss on early extinguishment of debt in the first quarter of 2010 in the amount of approximately $146 million.

Termination of Tronox Purchase Agreement

On August 28, 2009, we entered into an asset and equity purchase agreement (the "Tronox Purchase Agreement"), to acquire certain assets of Tronox Incorporated and its subsidiaries ("Tronox") under Section 363 of Chapter 11 of the United States Bankruptcy Code. The Tronox Purchase Agreement was subject to approval by the United States Bankruptcy Court for the Southern District of New York. Under the Tronox Purchase Agreement, we were a "stalking horse" bidder and the proposed transaction was subject to Tronox's solicitation of higher or otherwise better offers pursuant to specified bidding procedures and an auction process to be conducted under supervision of the bankruptcy court. On December 23, 2009, Tronox delivered a notice of termination of the Tronox Purchase Agreement to us after it received an order from the bankruptcy court authorizing it to replace its existing senior secured financing and an interim order authorizing it to enter into certain agreements as part of a plan to pursue an alternative transaction. The new alternative transaction is sponsored by an ad hoc group of Tronox's unsecured bondholders.

Under the Tronox Purchase Agreement, we made a $12 million refundable deposit toward the purchase price and, in connection with the proposed transaction, we incurred $13 million in costs. Prior to December 31, 2009, the deposit of $12 million was refunded to us, we received an additional $12 million as a break-up fee, and we received $3 million for partial reimbursement of our costs.

Closure of Australian Styrenics Operations

On September 8, 2009, we announced the closure of our styrenics facility located at West Footscray, Australia. We ceased operation of the West Footscray styrene plant on January 5, 2010, and we expect to complete the subsequent closure of our polystyrene and expandable polystyrene plants 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 expect to incur other closure related costs of approximately $7 million in 2010. We can provide no assurance that the eventual

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environmental remediation costs will not be materially different from our current estimate. Products produced at the site represent less than 2% of our 2008 global sales. Our other operations in Australia, including RMAX® expandable polystyrene business, Performance Products, Polyurethanes, Textile Effects and Advanced Materials divisions, are not affected by the announcement and will continue to operate in Australia. We expect to treat the Australian styrenics business as a discontinued operation beginning in the first quarter of 2010 when operations cease.

OVERVIEW

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, epoxy-based polymer formulations, textile chemicals, dyes, maleic anhydride and titanium dioxide. Our administrative, research and development and manufacturing operations are primarily conducted at the facilities listed in " Item 2. Properties" below, which are located in 27 countries. As of December 31, 2009, we employed approximately 11,000 associates worldwide. We had revenues for the years ended December 31, 2009, 2008 and 2007 of $7,763 million, $10,215 million and $9,651 million, respectively.

During the first quarter of 2009, we reorganized our operating segments to divide our former Materials and Effects segment into two different segments our Advanced Materials segment and our Textile Effects segment. All segment information in this report has been restated to reflect this change. We operate in five segments: Polyurethanes, Advanced Materials, Textile Effects, Performance Products and Pigments. In a series of transactions beginning in 2006, we have sold or shutdown substantially all of our Polymers and Base Chemicals operations. We report the results of our former Polymers and Base Chemicals segments as discontinued operations in our statements of operations. See "Note 27. Discontinued Operations" to our consolidated financial statements.

Our Products

We produce differentiated organic chemical and inorganic chemical products. Our Polyurethanes, Advanced Materials, Textile Effects and Performance Products segments produce differentiated organic chemical products and our Pigments segment produces inorganic chemical products. Our former Polymers and Base Chemicals operations, which have been sold, produced commodity organic chemical products. See "Note 27. Discontinued Operations" to our consolidated financial statements.

Growth in our differentiated products has been driven by the substitution of our products for other materials and by the level of global economic activity. Accordingly, the profitability of our differentiated products has been somewhat less influenced by the cyclicality that typically impacts the petrochemical

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industry. Our Pigments business, while cyclical, is influenced largely by seasonal demand patterns in the coatings industry.

2009 Segment Revenues(1) **2009 Segment EBITDA from Continuing Operations(1)**

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(1) Percentage allocations in this chart do not give effect to Corporate and Other unallocated items, eliminations and EBITDA from discontinued operations. For a detailed disclosure of our revenues, total assets and EBITDA by segment, see "Note 29. Operating Segment Information" to our consolidated financial statements. For a discussion of EBITDA by segment and a reconciliation of EBITDA to net income attributable to Huntsman Corporation and cash provided by operating activities, see "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Results of Operations."

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

Segment	Products	End Markets and Applications	Representative Customers
Polyurethanes	MDI, PO, polyols, PG, TPU, aniline and MTBE	Refrigeration and appliance insulation, construction products, adhesives, automotive, footwear, furniture, cushioning, specialized engineering applications and fuel additives	BMW, Certainteed, Electrolux, Firestone, GE, Haier, Louisiana Pacific, Recticel, Weyerhauser
Advanced Materials	Basic liquid and solid epoxy resins; specialty resin compounds; cross-linking, matting and curing agents; epoxy, acrylic and polyurethane-based formulations	Adhesives, composites for aerospace, automotive, and wind power generation; construction and civil engineering; industrial coatings; electrical power transmission; consumer electronics	ABB, Akzo, BASF, Boeing, Bosch, Cytec, Dow, Hexcel, Kansai, Omya, PPG, Samsung, Sanarrow, Schneider, Sherwin Williams, Siemens, Sika, Speed Fair, Syngenta, Toray
Textile Effects	Textile chemicals and dyes	Apparel, home and technical textiles	Russell, Sara Lee, Sherwin Williams, Wellspun, Hanes brands, Milliken
Performance Products	Amines, surfactants, LAB, maleic anhydride, other performance chemicals, EG, olefins and technology licenses	Detergents, personal care products, agrochemicals, lubricant and fuel additives, adhesives, paints and coatings, construction, marine and automotive products and PET fibers and resins	Chevron, Henkel, The Sun Products Corporation, Monsanto, Procter & Gamble, Unilever, Lubrizol, Reichhold, Dow, L'Oreal, Afton
Pigments	Titanium dioxide	Paints and coatings, plastics, paper, printing inks, fibers and ceramics	Akzo, Sigma Kalon, Clariant, Jotun, PolyOne

Polyurethanes

General

We are a leading global manufacturer and marketer of a broad range of polyurethane chemicals, including MDI products, PO, polyols, PG and TPU. Polyurethane chemicals are used to produce rigid and flexible foams, as well as coatings, adhesives, sealants and elastomers. We focus on the higher-margin, higher-growth markets for MDI and MDI-based polyurethane systems. Growth in our Polyurethanes segment has been driven primarily by the continued substitution of MDI-based products for other materials across a broad range of applications. We operate five primary Polyurethanes manufacturing facilities in the U.S., Europe and China. We also operate 13 Polyurethanes formulation facilities, which are located in close proximity to our customers worldwide.

Our customers produce polyurethane products through the combination of an isocyanate, such as MDI or TDI, with polyols, which are derived largely from PO and EO. While the range of TDI-based products is relatively limited, we are able to produce over 2,000 distinct MDI-based polyurethane products by modifying the MDI molecule by varying the proportion and type of polyol used and by introducing other chemical additives to our MDI formulations. As a result, polyurethane products, especially those derived from MDI, are continuing to replace traditional products in a wide range of end-use markets, including insulation in construction and appliances, cushioning for automotive and furniture, adhesives, wood binders, footwear and other specialized engineering applications.

We are a leading North American producer of PO. We and some of our customers process PO into derivative products, such as polyols for polyurethane products, PG and various other chemical products. End uses for these derivative products include applications in the home furnishings, construction, appliance, packaging, automotive and transportation, food, paints and coatings and cleaning products industries. We also produce MTBE as a co-product of our PO manufacturing process. MTBE is an oxygenate that is blended with gasoline to reduce harmful vehicle emissions and to enhance the octane rating of gasoline. See " Environmental, Health and Safety Matters MTBE Developments" below and "Part I. Item 1A. Risk Factors" for a discussion of legal and regulatory developments that have resulted in the curtailment and potential elimination of MTBE in gasoline in the U.S. and elsewhere. Also, see " Manufacturing and Operations" below and "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of material changes concerning sales of MTBE. We sold our U.S. butadiene and MTBE business operated in our Base Chemicals segment in June 2006; however, the PO/MTBE operations in our Polyurethanes segment were not included in this transaction.

In 1992, we were the first global supplier of polyurethane chemicals to open a technical service center in China. We have since expanded this facility to include an integrated polyurethanes formulation facility. In January 2003, we entered into two related joint ventures to build MDI production and finishing facilities near Shanghai, China. Production at our MDI finishing plant near Shanghai, China operated by HPS, our consolidated subsidiary, was commissioned on June 30, 2006. Production at the MNB, aniline and crude MDI plants operated by SLIC, our unconsolidated joint venture, commenced on September 30, 2006. These world-scale facilities strengthen our ability to service our customers in the critical Chinese market and will support the significant demand growth that we believe this region will continue to experience.

Products and Markets

MDI is used primarily in rigid foam applications and in a wide variety of customized, higher-value flexible foam and coatings, adhesives, sealants and elastomers. Polyols, including polyether and polyester polyols, are used in conjunction with MDI and TDI in rigid foam, flexible foam and other

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non-foam applications. PO is one of the principal raw materials for producing polyether polyols. The following chart illustrates the range of product types and end uses for polyurethane chemicals.

Polyurethane chemicals are sold to customers who combine the chemicals to produce polyurethane products. Depending on their needs, customers will use either commodity polyurethane chemicals produced for mass sales or polyurethane systems tailored for their specific requirements. By varying the blend, additives and specifications of the polyurethane chemicals, manufacturers are able to develop and produce a breadth and variety of polyurethane products.

MDI. MDI has a substantially larger market size and a higher growth rate than TDI. This is primarily because MDI can be used to make polyurethanes with a broader range of properties and can therefore be used in a wider range of applications than TDI. We believe that future growth of MDI is expected to be driven by the continued substitution of MDI-based polyurethane for fiberglass and other materials currently used in rigid insulation foam for construction. We expect that other markets, such as binders for reconstituted wood board products, specialty cushioning applications and coatings will further contribute to the continued growth of MDI.

With the recent rapid growth of the developing Asian economies, the Asian markets have now become the largest market for MDI.

There are four major global producers of MDI: Bayer, our Company, BASF and Dow. While there are also some regional producers in Asia and Europe, we believe it is unlikely that any new global producers of MDI will emerge in the foreseeable future due to the substantial requirements for entry, such as the limited availability of licenses for MDI technology and the substantial capital commitment and integration that is required to develop both the necessary technology and the infrastructure to manufacture and market MDI.

TPU. TPU is a high-quality, fully formulated thermal plastic derived from the reaction of MDI or an aliphatic isocyanate with polyols to produce unique qualities such as durability, flexibility, strength, abrasion-resistance, shock absorbency and chemical resistance. We can tailor the performance characteristics of TPU to meet the specific requirements of our customers. TPU is used in injection molding and small components for the automotive and footwear industries. It is also extruded into films, wires and cables for use in a wide variety of applications in the coatings, adhesives, sealants and elastomers markets.

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Polyols. Polyols are combined with MDI, TDI and other isocyanates to create a broad spectrum of polyurethane products. Demand for specialty polyols has been growing at approximately the same rate at which MDI consumption has grown.

Aniline. Aniline is an intermediate chemical used primarily to manufacture MDI. Generally, most aniline is either consumed internally by the producers of the aniline or is sold to third parties under long-term supply contracts. We believe that the lack of a significant spot market for aniline means that in order to remain competitive, MDI manufacturers must either be integrated with an aniline manufacturing facility or have a long-term, cost-competitive aniline supply contract.

PO. PO is an intermediate chemical used mainly to produce a wide range of polyols and PG. Demand for PO depends largely on overall economic demand, especially that of consumer durables. The following chart illustrates the primary end markets and applications for PO.

MTBE. MTBE is an oxygenate that is blended with gasoline to reduce harmful vehicle emissions and to enhance the octane rating of gasoline. The use of MTBE is controversial, and it has been effectively eliminated in the U.S. market. See " Environmental, Health and Safety Matters MTBE Developments" below and "Part I. Item 1A. Risk Factors." We continue to sell MTBE for use as a gasoline additive, substantially all of which is sold for use outside the U.S. See " Manufacturing and Operations" below and "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Sales and Marketing

We manage a global work force which sells our polyurethane chemicals to over 3,000 customers in more than 90 countries. Our sales and technical resources are organized to support major regional markets, as well as key end-use markets which require a more global approach. These key end-use markets include the appliance, automotive, footwear, furniture and coatings, construction products, adhesives, sealants and elastomers industries.

We provide a wide variety of polyurethane solutions as components (i.e., the isocyanate or the polyol) or in the form of "systems" in which we provide the total isocyanate and polyol formulation to our customers in ready-to-use form. Our ability to deliver a range of polyurethane solutions and technical support tailored to meet our customer's needs is critical to our long term success. We have strategically located our polyurethane formulation facilities, commonly referred to in the chemicals industry as "systems houses," close to our customers, enabling us to focus on customer support and technical service. We believe this customer support and technical service system contributes to customer retention and also provides opportunities for identifying further product and service needs of customers. We manufacture polyols primarily to support our MDI customers' requirements.

We believe that the extensive market knowledge and industry experience of our sales teams and technical experts, in combination with our strong emphasis on customer relationships, have facilitated our ability to establish and maintain long-term customer supply positions. Due to the specialized nature of our markets, our sales force must possess technical knowledge of our products and their applications. Our strategy is to continue to increase sales to existing customers and to attract new customers by providing innovative solutions, quality products, reliable supply, competitive prices and superior customer service.

Manufacturing and Operations

Our MDI production facilities are located in Geismar, Louisiana, Rozenburg, Netherlands and, through our joint ventures, Shanghai, China. These facilities receive aniline, which is a primary material used in the production of MDI, from our facilities located in Geismar, Louisiana; Wilton, U.K.; and Shanghai, China. We believe that this relative scale and product integration of our large facilities provide a significant competitive advantage over other producers. In addition to reducing transportation costs for our raw materials, integration helps reduce our exposure to cyclical prices.

The following table sets forth the annual production capacity of polyurethane chemicals at each of our polyurethanes facilities:

	MDI	Polyols	TPU	Aniline	Nitrobenzene	PO	PG	MTBE (millions of gallons)
			(millions of pounds)					
Geismar, Louisiana	970	160		715(2)	953(2)			
Osnabrück, Germany		26	57					
Port Neches, Texas						525	145	260
Ringwood, Illinois			18					
Caojing, China	250(1)							
Rozenburg, Netherlands	880	130						
Wilton, U.K.				715	953			
Total	2,100	316	75	1,430	1,906	525	145	260

(1) Represents our 50% share of capacity from SLIC, our unconsolidated Chinese joint venture.

(2) Represents our approximately 78% share of capacity under our Rubicon LLC manufacturing joint venture with Chemtura Corporation.

At both our Geismar and Rozenburg facilities we utilize sophisticated proprietary technology to produce our MDI. This technology, which is also used in our Chinese joint venture, contributes to our position as a low cost MDI producer. In addition to MDI, we use a proprietary manufacturing process to manufacture PO. We own or license all technology and know-how developed and utilized at our PO facility. Our process combines isobutane and oxygen in proprietary oxidation (peroxidation) reactors, thereby forming TBHP and TBA, which are further processed into PO and MTBE, respectively. Because our PO production process is less expensive relative to other technologies and allows all of our PO co-products to be processed into saleable or useable materials, we believe that our PO production technology possesses several distinct advantages over its alternatives.

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We operate polyurethane systems houses in Buenos Aires, Argentina, Deerpark, Australia; Shanghai, China; Cartagena, Colombia; Deggendorf, Germany; Thane (Maharashtra), India; Ternate, Italy; Tlalnepantla, Mexico; Mississauga, Ontario; Kuan Yin, Taiwan; Samuprakam, Thailand; Osnabrück, Germany and Dammam, Saudi Arabia.

Joint Ventures

Rubicon Joint Venture. We and Chemtura Corporation own Rubicon LLC, which owns aniline, nitrobenzene and DPA manufacturing facilities in Geismar, Louisiana. We are entitled to approximately 78% of the nitrobenzene and aniline production capacity of Rubicon LLC, and Chemtura Corporation is entitled to 100% of the DPA production. In addition to operating the joint venture's owned aniline, nitrobenzene and DPA facilities, Rubicon LLC also operates our wholly owned MDI and polyol facilities at Geismar and is responsible for providing other auxiliary services to the entire Geismar complex. As a result of this joint venture, we are able to achieve greater scale and lower costs for our products than we would otherwise have been able to obtain. Rubicon LLC is consolidated in our financial statements.

Chinese MDI Joint Ventures. In January 2003, we entered into two related joint venture agreements to build MDI production facilities near Shanghai, China. SLIC, our manufacturing joint venture with BASF AG and three Chinese chemical companies, built three plants that manufacture MNB, aniline and crude MDI. We effectively own 35% of SLIC and it is our unconsolidated affiliate. HPS, our splitting joint venture with Shanghai Chlor-Alkali Chemical Company, Ltd, has constructed a plant to manufacture pure MDI, polymeric MDI and MDI variants. We own 70% of HPS and it is our consolidated affiliate. These projects have been funded by a combination of equity invested by the joint venture partners and borrowed funds. SLIC and HPS commenced operations during 2006. The total production capacity of the SLIC facilities is 530 million pounds per year of MDI and the production capacity of the HPS facility is 270 million pounds per year of MDI finished products.

Russia MDI Coatings and Systems Joint Venture. In 2006, we purchased a 45% interest in NMG, a leading Polyurethanes company headquartered in Obninsk, Russia. This joint venture, now Huntsman NMG, manufactures and markets a range of polyurethane systems in adhesives, coatings, elastomers and insulation using Huntsman MDI Products.

Raw Materials

The primary raw materials for MDI-based polyurethane chemicals are benzene and PO. Benzene is a widely available commodity that is the primary feedstock for the production of MDI and aniline. Historically, benzene has been the largest component of our raw material costs. We purchase benzene from third parties to manufacture nitrobenzene and aniline, almost all of which we then use to produce MDI.

A major cost in the production of polyols is attributable to the costs of PO. The integration of our PO business with our polyurethane chemicals business gives us access to a competitively priced, strategic source of PO and the opportunity to develop polyols that enhance our range of MDI products. The primary raw materials used in our PO production process are butane/isobutane, propylene, methanol and oxygen, which accounted for 58%, 29%, 11% and 2%, respectively, of total raw material costs in 2009. We purchase our raw materials primarily under long-term contracts. While most of these feedstocks are commodity materials generally available to us from a wide variety of suppliers at competitive prices in the spot market, all the propylene used in the production of our PO is produced internally and delivered through a pipeline connected to our PO facility.

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Competition

Our major competitors in the polyurethane chemicals market include BASF, Bayer, Dow, Yantai Wanhua and LyondellBasell. While these competitors and others produce various types and quantities of polyurethane chemicals, we focus on MDI and MDI-based polyurethane systems. Our polyurethane chemicals business competes in two basic ways: (1) where price is the dominant element of competition, our polyurethane chemicals business differentiates itself by its high level of customer support, including cooperation on technical and safety matters; and (2) elsewhere, we compete on the basis of product performance and our ability to react quickly to changing customer needs and by providing customers with innovative solutions to their needs.

The market in which our Polyurethanes segment operates is highly competitive. Among our competitors in this market are some of the world's largest chemical companies and major integrated petroleum companies that have their own raw material resources. Some of these companies may be able to produce products more economically than we can. In addition, some of our competitors in this market have greater financial resources, which may enable them to invest significant capital into their businesses, including expenditures for research and development. If any of our current or future competitors in this market develops proprietary technology that enables them to produce products at a significantly lower cost, our technology could be rendered uneconomical or obsolete.

Advanced Materials

General

Our Advanced Materials segment is a leading global manufacturer and marketer of technologically advanced epoxy, acrylic and polyurethane-based polymer products. We focus on formulations and systems that are used to address customer-specific needs in a wide variety of industrial and consumer applications. Our products are used either as replacements for traditional materials or in applications where traditional materials do not meet demanding engineering specifications. For example, structural adhesives are used to replace metal rivets and advanced composites are used to replace traditional aluminum panels in the manufacture of aerospace components. Our Advanced Materials segment is characterized by the breadth of our product offering, our expertise in complex chemistry, our long-standing relationships with our customers, our ability to develop and adapt our technology and our applications expertise for new markets and new applications.

We operate synthesis, formulating and production facilities in North America, Europe, Asia, South America and Africa. We market over 3,000 products to more than 3,000 customers in the following end-markets: civil engineering, shipbuilding and marine maintenance, consumer appliances, food and beverage packaging, industrial appliances, consumer/do it yourself ("DIY"), aerospace, DVD, LNG transport, electrical power transmission and distribution, printed circuit boards, consumer and industrial electronics, wind power generation, automotive, recreational sports equipment, medical appliances, design studios and prototype manufacturers.

Products and Markets

Our product range spans from basic liquid and solid resins, to specialty components like curing agents, matting agents, accelerators, cross-linkers, reactive diluents, thermoplastic polyamides and additives. In addition to these components, which we typically sell to formulators in various industries, we also produce and sell ready to use formulated polymer systems.

Base Resins and Specialty Component Markets. Our products are used for the protection of steel and concrete substrates, such as flooring, metal furniture and appliances, buildings, linings for storage tanks and food and beverage cans, and the primer coat of automobile bodies and ships. Epoxy-based surface coatings are among the most widely used industrial coatings due to their structural stability and broad application functionality combined with overall economic efficiency.

Base resins and specialty components are also used for composite applications. A structural composite is made by combining two or more different materials, such as fibers, resins and other specialty additives, to create a product with enhanced structural properties. Specifically, structural composites are lightweight, high-strength, rigid materials with high resistance to chemicals, moisture and high temperatures. Our product range comprises basic and advanced epoxy resins, curing agents and other advanced chemicals, additives and formulated polymer systems. The four key target markets for our structural composites are aerospace, windmill blades for wind power generation, general industrial and automotive applications, and recreational products (mainly sports equipment such as skis). Structural composites continue to substitute for traditional materials, such as metals and wood, in a wide variety of applications due to their light weight, strength and durability.

Formulated Systems. The structural adhesives market requires high-strength "engineering" adhesives for use in the manufacture and repair of items to bond various engineering substrates. Our business focus is on engineering adhesives based on epoxy, polyurethane, acrylic and other technologies which are used to bond materials, such as steel, aluminum, engineering plastics and composites in substitution of traditional joining techniques. Our Araldite® brand name has considerable value in the industrial and consumer adhesives markets. In many countries, Araldite® branded products are known as high-performance adhesives, and we generally believe that this is the value-added segment of the market where recognition of our long-standing Araldite® brand is a key competitive advantage. Packaging is a key characteristic of our adhesives products. Our range of adhesives is sold in a variety of packs and sizes, specifically targeted to three specific end-markets and sold through specifically targeted routes to market:

General Industrial Bonding. We sell a broad range of advanced formulated adhesives to a broad base of small-to medium-sized customers, including specialist distributors.

Industry Specific. We sell our adhesive products on a global basis into diverse, industry-specific markets, which include the aerospace, wind turbine, DVD, LNG transport, filterbonding, solar cell and other industrial applications markets. Our target markets are chosen because we believe it is worthwhile to utilize our direct sales force and applications experts to tailor products and services to suit the needs and performance specifications of the specific market segments.

Consumer/DIY. We package and sell consumer adhesives through strategic distribution arrangements with a number of the major marketers of consumer/DIY adhesives, such as Bostik and Shelleys. These products are sold globally through a number of major retail outlets, often under the Araldite® brand name.

Our electrical materials are formulated polymer systems, which make up the insulation materials used in equipment for the generation, transmission and distribution of electrical power, such as transformers, switch gears, ignition coils, sensors, motors and magnets, and for the protection of electrical and electronic devices and components. The purpose of these products is to insulate, protect or shield either the environment from electrical current or electrical devices from the environment, such as temperature or humidity. Our electrical insulating materials target two key market segments: the heavy electrical equipment market and the light electrical equipment market.

Products for the heavy electrical equipment market segment are used in power plant components, devices for power grids and insulating parts and components. In addition, there are numerous devices, such as motors and magnetic coils used in trains and medical equipment, which are manufactured using epoxy and related technologies. Products for the light electrical equipment market segment are used in applications such as industrial automation and control, consumer electronics, car electronics and electrical components. The end customers in the electrical insulating materials market encompass the relevant original equipment manufacturer ("OEM") as well as numerous manufacturers of components used in the final products. We also develop, manufacture and market materials used in the production of printed circuit boards. Our products are ultimately used in industries ranging from telecommunications and personal computer mother board manufacture to automotive electronic systems manufacture. Soldermasks are our most important product line in printed circuit board technologies, particularly in Europe. Sales are made mainly under the Probimer®, Probimage®, and Probelec® trademarks. Our Probimer® trademark is a widely recognized brand name for soldermasks.

We produce mainly polyurethane-based and epoxy formulated polymer systems used in the production of models, prototypes, patterns, molds and a variety of related products for design, prototyping and short-run manufacture. Our products are used extensively in the automotive, aerospace and industrial markets as productivity tools to quickly and efficiently create accurate prototypes and develop experimental models, and to lower the cost of manufacturing items in limited quantities primarily using computer-aided-design techniques. We separate the overall tooling and modeling materials market into two distinct groups standard tooling and modeling materials and stereolithography technology.

Our standard tooling and modeling materials are polymer-based materials used by craftsmen to make the traditional patterns, molds, models, jigs and fixtures required by the foundry, automotive, ceramics and other such industries. Stereolithography is a technology that is used to accurately produce physical three-dimensional models directly from computer-aided-design data without cutting, machining or tooling. The models are produced by selectively curing a light-sensitive liquid resin with a laser beam. We sell our stereolithography products to customers in the aerospace, appliance, automotive, consumer, electronics and medical markets.

Sales and Marketing

We maintain multiple routes to market to service our diverse customer base. These routes to market range from using our own direct sales force for targeted, technically-oriented distribution to mass general distribution. Our direct sales force focuses on engineering solutions decision-makers at major customers who purchase significant amounts of product from us. We use technically-oriented specialist distributors to augment our sales effort in niche markets and applications where we do not believe it is appropriate to develop direct sales resources. We use mass general distribution channels to sell our products into a wide range of general applications where technical expertise is less important to the user of the products to reduce our overall selling expenses. We believe our use of multiple routes to market enables us to reach a broader customer base at an efficient cost.

We conduct sales activities through dedicated regional sales teams in the Americas; Europe, Africa and the Middle East ("EAME"); and Asia. Our global customers are covered by key account managers who are familiar with the specific requirements of these clients. The management of long-standing customer relationships, some of which are 20 to 30 years old, is at the heart of the sales and marketing process. We are also supported by a strong network of distributors. We serve a highly fragmented customer base.

For our consumer adhesives, we have entered into exclusive branding and distribution arrangements with, for example, Bostik in Europe and Shelleys in Australia. Under these arrangements, our distribution partners fund advertising and sales promotions, negotiate and sell to major retail chains, own inventories and provide store deliveries (and sometimes shelf merchandising) in exchange for a reliable, high-quality supply of Araldite® branded, ready-to-sell packaged products.

Manufacturing and Operations

We are a global business serving customers in three principal geographic regions: EAME, the Americas, and Asia. To service our customers efficiently, we maintain manufacturing plants around the world with a strategy of global, regional and local manufacturing employed to optimize the level of service and minimize the cost to our customers. The following table summarizes the plants that we operate:

Location	Description of Facility
Bad Saeckingen, Germany(1)	Formulating Facility
Bergkamen, Germany	Synthesis Facility
Chennai, India(2)	Resins and Synthesis Facility
Duxford, U.K.	Formulating Facility
East Lansing, Michigan, U.S.	Formulating Facility
Istanbul, Turkey(1)	Formulating Facility
Los Angeles, California, U.S.	Formulating Facility
McIntosh, Alabama, U.S.	Resins and Synthesis Facility
Monthey, Switzerland	Resins and Synthesis Facility
Pamplona, Spain	Resins and Synthesis Facility
Panyu, China(1)(3)	Formulation and Synthesis Facility
Sadat City, Egypt	Formulating Facility
Taboão da Serra, Brazil	Formulating Facility

(1) Leased land and/or building.

(2) 76%-owned manufacturing joint venture with Tamilnadu Petroproducts Limited.

(3) 95%-owned manufacturing joint venture with Guangdong Panyu Shilou Town Economic Development Co. Ltd.

Our facilities in Asia are well-positioned to take advantage of the market growth that is expected in this region. Furthermore, we believe that we are the largest producer of epoxy resin compounds in India.

Raw Materials

The principal raw materials we purchase for the manufacture of basic and advanced epoxy resins are epichlorohydrin, bisphenol A and BLR. We also purchase amines, polyols, isocyanates, acrylic materials, hardeners and fillers for the production of our formulated polymer systems and complex chemicals and additives. Raw material costs constitute a sizeable percentage of sales for certain applications. We have supply contracts with a number of suppliers. The terms of our supply contracts vary, but, in general, these contracts contain provisions that set forth the quantities of product to be supplied and purchased and formula-based pricing.

Additionally, we produce some of our most important raw materials, such as BLR and its basic derivatives, which are the basic building blocks of many of our products. We are the fourth largest producer of BLR in the world. Approximately 50% of the BLR we produce is consumed in the production of our formulated polymer systems. The balance of our BLR is sold as liquid or solid resin in the merchant market, allowing us to increase the utilization of our production plants and lower our overall BLR production cost. We believe that manufacturing a substantial proportion of our principal raw material gives us a competitive advantage over other epoxy-based polymer systems formulators,

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most of whom must buy BLR from third-party suppliers. This position helps protect us from pricing pressure from BLR suppliers and aids in providing us a stable supply of BLR in difficult market conditions.

We consume certain amines produced by our Performance Products segment and isocyanates produced by our Polyurethanes segment, which we use to formulate Advanced Materials products.

Competition

The market in which our Advanced Materials segment operates is highly competitive, and is dependent on significant capital investment, the development of proprietary technology, and maintenance of product research and development. Among our competitors in this market are some of the world's largest chemical companies and major integrated companies that have their own raw material resources.

Competition in our basic liquid and solid epoxy resins group is primarily driven by price, and is increasingly more global with industry consolidation in the North American and European markets and the emergence of new competitors in Asia. Our major competitors include Dow, Hexion, BASF, Kukdo, Leuna and NanYa.

Competition in our specialty components and structural composites product group is primarily driven by product performance, applications expertise and customer certification. Our competitive strengths include our strong technology base, broad range of value-added products, leading market positions, diverse customer base and reputation for customer service. Major competitors include Air Products, Arizona, Hexion, Cognis, Cray Valley, Evonics, DIC, Dow, Mitsui, Sumitomo and NanYa.

Competition in our formulation product group is primarily based on technology, know-how, applications and formulations expertise, product reliability and performance, process expertise and technical support. This product group covers a wide range of industries and key competition factors vary by industry. Our competitive strengths result from our focus on defined market needs, our long-standing customer relationships, product reliability and technical performance, provision of high level service and recognition as a quality supplier in our chosen sectors. We operate dedicated technology centers in Basel, Switzerland, The Woodlands, Texas, and Panyu, China in support of our product and technology development. Our major competitors can be summarized as follows:

Formulation Product Group	Competition
Adhesives applications	Henkel/Loctite, ITW, National Starch, Sika, 3M
Electrical insulating materials	Altana, Hexion, Schenectady, Wuxi, Dexter-Hysol, Hitachi Chemical, Nagase Chemtex, Toshiba Chemical
Printed circuit board materials	Coates, Goo, Peters, Taiyo Ink, Tamura
Tooling and modeling solution.	Axson, DSM, Sika

Textile Effects

General

Our Textile Effects segment is the leading global market share provider for textile chemicals and dyes. Our textile solutions enhance the color of finished textiles and improve such performance characteristics as wrinkle resistance and the ability to repel water and stains. Our Textile Effects segment is characterized by the breadth of our product offering, our long-standing relationships with our customers, our ability to develop and adapt our technology and our applications expertise for new markets and new applications.

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We operate synthesis, formulating and production facilities in North America, Europe, Asia and South America. We market multiple products to customers in multiple end-markets, including the following: consumer fashion apparel, sportswear, career and uniform apparel, military, automotive, home textiles and furnishings, carpet and other functional textiles.

In December 2008, we announced restructuring programs for our Textile Effects segment. These restructuring programs were necessary to allow our Textile Effects segment to adapt to the dynamic business shifts that have occurred in the textile market. During 2009, we have spent approximately $46 million to significantly expand resources and capacity in Asia, while refocusing and consolidating resources in Europe and North America and to transition from a regional to a global, market-focused organization. Other elements of our plan include simplifying global distribution networks, enhancing research and development activities and continuing investments in EH&S projects to ensure that all of our acquired manufacturing units are operating in accordance with our standards. We expect to spend approximately $60 million over approximately the next year to complete these projects. We have targeted approximately $100 million in annual savings when all phases of the restructuring are fully completed.

Products and Markets

Textiles generally involve a complex matrix of fibers, effects and functionality, and the resulting products range from fashion apparel to bulletproof vests, home linens to air and water filters, and upholstery to automotive interiors. Our broad range of dyestuffs and chemicals enhance both the aesthetic appearance of these products and the functionality needed to ensure that they perform in their end-use markets. Since the requirements for these markets vary dramatically, our business strategy focuses on the two major markets apparel and technical textiles. We work to provide the right balance of products and service to meet the technical challenges in each of these markets.

The apparel market, which also includes our home interiors products, focuses on products that provide an aesthetic effect and/or improve the processing efficiency within the textile mill. We offer a complete range of colors for cotton, polyester and nylon that cover the range of shades needed for sportswear, intimate apparel, towels, sheeting and casual wear. Our dyes have been developed to ensure that they offer the highest levels of wash fastness currently available in the market. Optical brighteners and other pretreatment products provide "bright white" effects for apparel, towels and sheeting. Pretreatment and dyeing auxiliaries ensure that these fabrics are processed efficiently and effectively cleaning the fabrics with fewer chemicals, less energy and less water and thereby minimizing the environmental footprint and reducing the processing costs. Silicone softeners may be used to enhance the feel of products.

Technical textiles include automotive textiles, carpet, military fabrics, mattress ticking and nonwoven and other technical fabrics. Though the product groups may differ in their end-uses, the articles must provide a high-level of functionality and performance in their respective markets. High-lightfast dyes and UV absorbers are used in automotive interiors and outdoor furnishings to provide colors that don't fade when exposed to sunlight and heat. Powerful stain repellent and release technology imparts durable protection for upholstery, military and medical fabrics, without affecting the color, breathability or feel of the fabric. Specialized dyes and prints create unique camouflage patterns for military uniforms, backpacks and tarps that won't fade through wash and wear or during exposure to the elements.

Sales and Marketing

For our textile effects products, we focus on providing effect competence and process competence to our customers. Effect competence delivering value-added effects to our customer's products enables us to capitalize on new and innovative technologies and to assist our customers in their efforts

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to differentiate themselves from competitors. Process competence applying know-how and expertise to improve customers' processes allows us to utilize our technical service to reduce cost and enhance efficiency.

Manufacturing and Operations

We are a global business serving customers in three principal geographic regions: EAME, the Americas, and Asia. To service our customers efficiently, we maintain manufacturing plants around the world with a strategy of global, regional and local manufacturing employed to optimize the level of service and minimize the cost to our customers. The following table summarizes the plants that we operate:

Location	Description of Facility
Atotonilquillo, Mexico	Synthesis Facility
Baroda, India	Synthesis Facility
Basel, Switzerland(1)	Synthesis Facility and Technology Center
Bogota, Colombia(1)	Formulating Facility
Charlotte, North Carolina, U.S.(1)	Formulating Facility
Fraijanes, Guatemala(1)	Formulating Facility
Gandaria, Jakarta, Indonesia	Formulating Facility
Langweid am Leich, Germany(1)	Formulating Facility
Panyu, China(1)(2)	Formulating and Synthesis Facility and Technology Center
Qingdao, China	Synthesis Facility
Samutsakorn (Mahachai), Thailand(1)	Synthesis Facility
Schweizerhalle, Switzerland(1)	Formulating Facility

(1) Leased land and/or building.

(2) 95%-owned manufacturing joint venture with Guangdong Panyu Shilou Town Economic Development Co. Ltd.

Raw Materials

The manufacture of textile effects products requires a wide selection of raw materials (approximately 3,000 different chemicals), including amines, fluorochemicals and sulfones. No one raw material represents greater than 2% of our textile effects raw material expenditures. Raw material costs constitute a sizeable percentage of sales for certain applications. We have supply contracts with a number of suppliers, including, for example, Dow. The terms of our supply contracts vary, but, in general, these contracts contain provisions that set forth the quantities of product to be supplied and purchased and formula-based pricing.

Competition

We are the leading global market share provider for textile chemicals and dyes. Competition within the textile chemicals and dyes markets is generally fragmented with few competitors who offer complete solutions for both markets. Our major competitors are Dystar, Clariant, BASF and Longshen. We believe that our competitive strengths include our product offering, which is characterized by its broad range; high quality; significant integration between products and service; reliable technical expertise; long-standing relationships with customers; and strong business infrastructure in Asia. We believe that we have more customer service capability and account management capability than any of our competitors worldwide.

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Performance Products

General

Our Performance Products segment is organized around three market groups, performance specialties, performance intermediates and maleic anhydride and licensing, and serves a wide variety of consumer and industrial end markets. In performance specialties, we are a leading global producer of amines, carbonates and certain specialty surfactants. Growth in demand in our performance specialties market tends to be driven by the end-performance characteristics that our products deliver to our customers. These products are manufactured for use in a growing number of niche industrial end uses and have been characterized by growing demand, technology substitution and stable profitability. For example, we are one of two significant global producers of polyetheramines, for which our sales volumes have grown at a compound annual rate of over 6% in the last 10 years due to strong demand in a number of industrial applications, such as epoxy curing agents, oil drilling, agrochemicals, fuel additives and civil construction materials. In performance intermediates, we consume internally produced and third-party-sourced base petrochemicals in the manufacture of our surfactants, LAB and ethanolamines products, which are primarily used in detergency, consumer products and industrial applications. We also produce EG, which is primarily used in the production of polyester fibers and PET packaging. We believe we are North America's largest and lowest-cost producer of maleic anhydride. Maleic anhydride is the building block for UPRs, mainly used in the production of fiberglass reinforced resins for marine, automotive and construction products. We are the leading global licensor of maleic anhydride manufacturing technology and are also the largest supplier of butane fixed bed catalyst used in the manufacture of maleic anhydride. Our licensing group also licenses technology on behalf of other Huntsman businesses. We operate 16 Performance Products manufacturing facilities in North America, Europe, Asia and Australia.

We have the annual capacity to produce approximately 1.2 billion pounds of more than 250 amines and other performance chemicals. We believe we are the largest global producer of polyetheramines, propylene carbonates, ethylene carbonates, DGA® agent and morpholine, the second-largest global producer of ethyleneamines and the third-largest North American producer of ethanolamines. We also produce substituted propylamines. We use internally produced ethylene, EO, EG and PO in the manufacture of many of our amines. Our products are manufactured at our Port Neches, Conroe and Freeport, Texas facilities and at our facilities in Llanelli, U.K. Petfurdo, Hungary and Jurong Island, Singapore. Starting in the second quarter of 2010 we will also manufacture ethyleneamines through our 50/50 joint venture with Zamil Group (the "Arabian Amines Company") located in Jubail, Saudi Arabia. The joint venture will have the capacity to produce 60 million pounds of ethyleneamines per annum. Our amines are used in a wide variety of consumer and industrial applications, including personal care products, polyurethane foam, fuel and lubricant additives, paints and coatings, composites, solvents and catalysts. Our key amines customers include Akzo, Chevron, Cognis, Hercules, Afton, Unilever, Monsanto and PPG.

We have the capacity to produce approximately 2.5 billion pounds of surfactant products annually at our eight facilities located in North America, Europe and Australia. We are a leading global manufacturer of nonionic, anionic, cationic and amphoteric surfactants products and are characterized by our breadth of product offering and market coverage. Our surfactant products are primarily used in consumer detergent and industrial cleaning applications. In addition, we manufacture and market a diversified range of mild surfactants and specialty formulations for use in baby shampoos and other personal care applications. We are also a leading European producer of components for powder and liquid laundry detergents and other cleaners. We continue to strengthen and diversify our surfactant product offering into formulated specialty surfactant products, for use in various industrial applications such as leather and textile treatment, foundry and construction, agrochemicals, fuels and lubricants, polymers and coatings. We are growing our global agrochemical surfactant technology and product

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offerings. Our key surfactants customers include The Sun Products Corp, L'Oreal, Monsanto, Nufarm, Clorox, Henkel, Colgate, Procter & Gamble and Unilever.

We are North America's second-largest producer of LAB, with alkylation capacity of 375 million pounds per year at our plant in Chocolate Bayou, Texas. LAB is a surfactant intermediate which is converted into LAS, a major anionic surfactant used worldwide for the production of consumer, industrial and institutional laundry detergents. We also manufacture a higher-molecular-weight alkylate which is used as an additive to lubricants. Our key customers for LAB and specialty alkylates include Colgate, Lubrizol, Henkel, Procter & Gamble, Unilever and The Sun Products Corp.

We believe we are North America's largest producer of maleic anhydride, a highly versatile chemical intermediate that is used to produce UPRs, which are mainly used in the production of fiberglass reinforced resins for marine, automotive and construction products. Maleic anhydride is also used in the production of lubricants, food additives and artificial sweeteners. We have the capacity to produce approximately 340 million pounds annually at our facilities located in Pensacola, Florida and Geismar, Louisiana. We also own a 50% interest in Sasol-Huntsman GmbH & Co. KG, which is accounted for using the equity method. This joint venture owns and operates a facility in Moers, Germany with an annual capacity of 137 million pounds. We also license our maleic anhydride technology and supply our catalysts to licensees and to worldwide merchant customers. As a result of our long-standing research and development efforts aided by our pilot and catalyst preparation plants, we have successfully introduced six generations of our maleic anhydride catalysts. Patent applications have been recently filed for our seventh generation catalyst which should be commercially available in 2010. Revenue from licensing and catalyst comes from new plant commissioning, as well as current plant retrofits and catalyst change schedules. Our key maleic anhydride customers include AOC, Chevron, Oronite, Cook Composites, Dixie, Lubrizol, Infineum and Reichhold.

We also have the capacity to produce approximately 945 million pounds of EG annually at our facilities in Botany, Australia and Port Neches, Texas.

Products and Markets

Performance Specialties. The following table shows the end-market applications for our performance specialties products:

Product Group	**Applications**
Specialty Amines	liquid soaps, personal care, lubricant and fuel additives, polyurethane foams, fabric softeners, paints and coatings, refinery processing, water treating
Polyetheramines	polyurethane foams and insulation, construction and flooring, paints and coatings, lubricant and fuel additives, adhesives, epoxy composites, agrochemicals, oilfield chemicals, printing inks, pigment dispersion
Ethyleneamines	lubricant and fuel additives, epoxy hardeners, wet strength resins, chelating agents, fungicides
Morpholine/DGA® agent and Gas Treating	hydrocarbon processing, construction chemicals, synthetic rubber, water treating, electronics applications, gas treatment and agriculture
Carbonates	lubricant and fuel additives, agriculture, electronics applications, textile treatment, solar panels
Specialty Surfactants	agricultural herbicides, construction, paper de-inking, lubricants

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Our performance specialties products are organized around the following end markets: coatings, polymers and resins; process additives; resources, fuels and lubricants; and agrochemicals.

Amines. Amines broadly refers to the family of intermediate chemicals that are produced by reacting ammonia with various ethylene and propylene derivatives. Generally, amines are valued for their properties as a reactive, emulsifying, dispersant, detergent, solvent or corrosion inhibiting agent. Growth in demand for amines is highly correlated with GDP growth due to its strong links to general industrial and consumer products markets. However, certain segments of the amines market, such as polyetheramines, have grown at rates well in excess of GDP growth due to new product development, technical innovation, and substitution and replacement of competing products. For example, polyetheramines are used by customers who demand increasingly sophisticated performance characteristics as an additive in the manufacture of highly customized epoxy formulations, enabling the customers to penetrate new markets and substitute for traditional curing materials. As amines are generally sold based upon the performance characteristics that they provide to customer-specific end-use application, pricing does not generally fluctuate with movements in underlying raw materials.

Morpholine/DGA® Agent. Morpholine and DGA® agent are produced as co-products by reacting ammonia with DEG. Morpholine is used in a number of niche industrial applications including rubber curing (as an accelerator) and flocculants for water treatment. DGA® agent is primarily used in gas treating, electronics, herbicides and metalworking end-use applications.

Carbonates. Ethylene and propylene carbonates are manufactured by reacting EO and PO with carbon dioxide. Carbonates are used as solvents and as reactive diluents in polymer and coating applications. They are also increasingly being used as a photo-resist solvent in the manufacture of printed circuit boards, solar panels, LCD screens and the production of lithium batteries. Also, propylene carbonates have recently received approval by the U.S. Environmental Protection Agency for use as a solvent in certain agricultural applications. We expect these solvents to replace traditional aromatic solvents that are increasingly subject to legislative restrictions and prohibitions.

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Performance Intermediates. The following table sets forth the end markets for our performance intermediates products:

Product Group	End Markets
Surfactants	
Alkoxylates	household detergents, industrial cleaners, anti-fog chemicals for glass, asphalt emulsions, shampoos, polymerization additives, de-emulsifiers for petroleum production
Sulfonates/Sulfates	powdered detergents, liquid detergents, shampoos, body washes, dishwashing liquids, industrial cleaners, emulsion polymerization, concrete superplasticizers, gypsum wallboard
Esters and Derivatives	shampoo, body wash, textile and leather treatment
Nitrogen Derivatives	bleach thickeners, baby shampoo, fabric conditioners, other personal care products
Formulated Blends	household detergents, textile and leather treatment, personal care products, pharmaceutical intermediates
EO/PO Block Co-Polymers	automatic dishwasher detergents
Ethanolamines	wood preservatives, herbicides, construction, gas treatment, metalworking
LAB	consumer detergents, industrial and institutional detergents, synthetic lubricants
EG	polyester fibers and PET bottle resins, antifreeze

Surfactants. Surfactants or "surface active agents" are substances that combine a water-soluble component with a water insoluble component in the same molecule. While surfactants are most commonly used for their detergency in cleaning applications, they are also valued for their emulsification, foaming, dispersing, penetrating and wetting properties in a variety of industries.

Demand growth for surfactants is relatively stable and exhibits little cyclicality. The main consumer product applications for surfactants can demand new formulations with improved performance characteristics, which affords considerable opportunity for innovative surfactants manufacturers like us to provide surfactants and blends with differentiated specifications and properties. For basic surfactants, pricing tends to have a strong relationship to underlying raw material prices and usually lags raw material price movements.

Ethanolamines. Ethanolamines are a range of chemicals produced by the reaction of EO with ammonia. They are used as intermediates in the production of a variety of industrial, agricultural and consumer products. There are a limited number of competitors due to the technical and cost barriers to entry. Growth in this sector has typically been higher than GDP and has benefited from higher demand for agrochemical products. We believe the ethanolamines market in North America is balanced.

LAB. LAB is a surfactant intermediate which is produced through the reaction of benzene with either normal paraffins or linear alpha olefins. Nearly all the LAB produced globally is converted into LAS, a major anionic surfactant used worldwide for the production of consumer, industrial and institutional laundry detergents.

Three major manufacturers lead the traditional detergency market for LAB in North America: Procter & Gamble, Henkel and The Sun Products Corp. We believe that two-thirds of the LAB global capacity lies in the hands of seven producers, with two or three major players in each of the three

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regional markets. Although the North American market for LAB is mature, we expect Latin America and other developing countries to grow as detergent demand grows at a faster rate than GDP. However, growth in demand for specialty alkylates for use in lubricants is expected to be higher than GDP. We have developed a unique manufacturing capability for a high molecular weight alkylate for this market. With a significant technical barrier to entry, our specialty alkylate capability has allowed us greater diversity in our portfolio and strengthened our competitive position versus LAB-only producers.

EG. We consume our internally produced EO to produce three types of EG: MEG, DEG and TEG. MEG is consumed primarily in the polyester (fiber and bottle resin) and antifreeze end markets and is also used in a wide variety of industrial applications including synthetic lubricants, plasticizers, solvents and emulsifiers. DEG is consumed internally for the production of Morpholine/DGA® agent and polyols. TEG is used internally for the production of polyols and is sold into the market for dehydration of natural gas. We continue to optimize our EO and EG operations depending on the fundamental market demand for EG.

Maleic Anhydride and Licensing. The following table sets forth the end markets for our maleic anhydride products:

Product Group	End Markets
Maleic anhydride	boat hulls, automotive, construction, lubricant and fuel additives, countertops, agrochemicals, paper, and food additives
Maleic anhydride catalyst and technology licensing	maleic anhydride, BDO and its derivatives, and PBT manufacturers

Maleic anhydride is a chemical intermediate that is produced by oxidizing either benzene or normal butane through the use of a catalyst. The largest use of maleic anhydride in the U.S. is in the production of UPRs, which we believe account for approximately 47% of U.S. maleic anhydride demand. UPR is the main ingredient in fiberglass reinforced resins, which are used for marine and automotive applications and commercial and residential construction products.

Our maleic anhydride technology is a proprietary fixed bed process with solvent recovery and is characterized by low butane consumption and an energy-efficient, high-percentage-recovery solvent recovery system. This process competes against two other processes, the fluid bed process and the fixed bed process with water recovery. We believe that our process is superior in the areas of feedstock and energy efficiency and solvent recovery. The maleic anhydride-based route to BDO manufacture is currently the preferred process technology and is favored over the other routes, which include PO, butadiene and acetylene as feedstocks. As a result, the growth in demand for BDO has resulted in increased demand for our maleic anhydride technology and catalyst.

Total U.S. demand for maleic anhydride in 2009 was approximately 475 million pounds. Over time, demand for maleic anhydride has generally grown at rates that slightly exceed GDP growth. However, given its dependence on the UPR market, which is heavily influenced by construction end markets, demand for this application can be cyclical. Pricing for maleic anhydride in North America over the past several years has been increasing but has recently declined with the drop in feedstock costs. Generally, changes in price have resulted from changes in industry capacity utilization as opposed to changes in underlying raw material costs.

On April 1, 2008, we announced that Sasol-Huntsman GmbH KG, our 50/50 maleic anhydride joint venture located in Moers, Germany, would be expanding its manufacturing capacity by approximately 100 million pounds per year. The new capacity is expected to be available in the first

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quarter of 2011. The joint venture has received committed nonrecourse financing that together with its cash flows from operations will be used to fund the expansion.

Sales and Marketing

We sell over 2,000 products to over 4,000 customers globally through our Performance Products marketing groups, which have extensive market knowledge, considerable chemical industry experience and well established customer relationships.

Our performance specialties markets are organized around end-use market applications, such as coatings, polymers and resins and agrochemical. In these end uses, our marketing efforts are focused on how our product offerings perform in certain customer applications. We believe that this approach enhances the value of our product offerings and creates opportunities for ongoing differentiation in our development activities with our customers. Our performance intermediates and maleic anhydride markets organize their marketing efforts around their products and geographic regions served. We also provide extensive pre- and post-sales technical service support to our customers where our technical service professionals work closely with our research and development functions to tailor our product offerings to meet our customers unique and changing requirements. Finally, these technical service professionals interact closely with our market managers and business leadership teams to help guide future offerings and market approach strategies.

In addition to our focused direct sales efforts, we maintain an extensive global network of distributors and agents that also sell our products. These distributors and agents typically promote our products to smaller end use customers who cannot be served cost effectively by our direct sales forces.

Manufacturing and Operations

Our Performance Products segment has the capacity to produce more than seven billion pounds annually of a wide variety of specialty, intermediate and commodity products and formulations at 16 manufacturing locations in North America, Europe, Asia and Australia.

These production capacities are as follows:

	Current capacity			
Product Area	**North America**	**EAME**	**APAC**	**Total**
	(millions of pounds)			
Performance Specialties				
Amines	667	124(1)	33	824
Carbonates	69			69
Specialty surfactants	100	175	70	345
Performance Intermediates				
EG	890		55	945
EO	1,000		100	1,100
Ethanolamines	400			400
Ethylene	400			400
LAB	375			375
Propylene	300			300
Surfactants	470	1,675	30	2,175
Maleic anhydride	340	137(2)		477

(1) Includes up to 30 million pounds of ethyleneamines that are made available from Dow's Terneuzen, Netherlands facility by way of a long-term supply arrangement.

(2) Represents total capacity of a facility owned by Sasol-Huntsman GmbH & Co. KG, of which we own a 50% equity interest and Sasol owns the remaining 50% interest. On April 1, 2008, we announced that Sasol-Huntsman GmbH KG would be expanding its manufacturing capacity by approximately 100 million pounds per year. The new capacity is expected to be available in the first quarter of 2011 and is not included in the production capacity table noted above.

Our surfactants and amines facilities are located globally, with broad capabilities in amination, sulfonation and ethoxylation. These facilities have a competitive cost base and use modern manufacturing units that allow for flexibility in production capabilities and technical innovation. Through the major restructuring of our surfactant operations, we have significantly improved the competitiveness of our surfactants business.

Our primary ethylene, propylene, EO, EG and ethanolamines facilities are located in Port Neches, Texas alongside our Polyurethanes' PO/MTBE facility. The Port Neches, Texas facility benefits from extensive logistics infrastructure, which allows for efficient sourcing of other raw materials and distribution of finished products.

Our LAB facility in Chocolate Bayou, Texas and our maleic anhydride facility in Pensacola, Florida are both located within large, integrated petrochemical manufacturing complexes operated by Ascend. We believe this results in greater scale and lower costs for our products than we would be able to obtain if these facilities were stand-alone operations.

Our unconsolidated ethyleneamine joint venture is currently constructing a plant in Jubail, Saudi Arabia. The plant will have approximate capacity of 60 million pounds per year with production expected early second quarter of 2010.

Raw Materials

We have the capacity to use approximately 850 million pounds of ethylene each year produced in part at our Port Neches, Texas facility in the production of EO and ethyleneamines. We consume all of our EO in the manufacture of our EG, surfactants and amines products. We also use internally produced PO and DEG in the manufacture of these products. We have the capacity to produce 400 million pounds of ethylene and 300 million pounds of propylene at our Port Neches, Texas facility. All of the ethylene is used in the production of EO and substantially all of the propylene is consumed by the PO unit at Port Neches operated by our Polyurethanes business. We purchase or toll the remainder of our ethylene and propylene requirements from third parties.

In addition to internally produced raw materials, our performance specialties market purchases over 250 compounds in varying quantities, the largest of which includes ethylene dichloride, caustic soda, synthetic alcohols, paraffin, nonyl phenol, ammonia, hydrogen, methylamines and acrylonitrile. The majority of these raw materials are available from multiple sources in the merchant market at competitive prices.

In our performance intermediates market, our primary raw materials, in addition to internally produced and third-party sourced EO and ethylene, are synthetic and natural alcohols, paraffin, alpha olefins, benzene and nonyl phenol. All of these raw materials are widely available in the merchant market at competitive prices.

Maleic anhydride is produced by the reaction of n-butane with oxygen using our proprietary catalyst. The principal raw material is n-butane which is purchased pursuant to long-term contracts and delivered to our Pensacola, Florida site by barge and to our facility in Geismar, Louisiana via pipeline. Our maleic anhydride catalyst is toll-manufactured by BASF under a long-term contract according to our proprietary methods. These raw materials are available from multiple sources at competitive prices.

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Competition

In our performance specialties market, there are few competitors for many of our products due to the considerable customization of product formulations, the proprietary nature of many of our product applications and manufacturing processes and the relatively high research and development and technical costs involved. Some of our global competitors include BASF, Air Products, Dow, Tosoh, and Akzo. We compete primarily on the basis of product performance, new product innovation and, to a lesser extent, on the basis of price.

There are numerous global producers of many of our performance intermediates products. Our main competitors include global companies such as Dow, Sasol, BASF, Petresa, Clariant, Shell, Cognis, Stepan and Kao, as well as various smaller or more local competitors. We compete on the basis of price with respect to the majority of our product offerings and, to a lesser degree, on the basis of product availability, performance and service with respect to certain of our more value-added products.

In our maleic anhydride market, we compete primarily on the basis of price, customer service and plant location. Our competitors include Lanxess, Flint Hills Resources, Marathon, Polynt and BASF. We are the leading global producer of maleic anhydride catalyst. Competitors in our maleic anhydride catalyst market include Scientific Design and Polynt. In our maleic anhydride technology licensing market, our primary competitor is Scientific Design. We compete primarily on the basis of technological performance and service.

The market in which our Performance Products segment operates is highly competitive. Among our competitors in this market are some of the world's largest chemical companies and major integrated petroleum companies that have their own raw material resources. Some of these companies may be able to produce products more economically than we can. In addition, some of our competitors in this market have greater financial resources, which may enable them to invest significant capital into their businesses, including expenditures for research and development. If any of our current or future competitors in this market develops proprietary technology that enables them to produce products at a significantly lower cost, our technology could be rendered uneconomical or obsolete.

Pigments

General

We are a leading global manufacturer and marketer of titanium dioxide, which is a white pigment used to impart whiteness, brightness and opacity to products such as paints, plastics, paper, printing inks, fibers and ceramics. We operate seven titanium dioxide manufacturing facilities located in North America, Europe, Asia and Africa. The global titanium dioxide market is characterized by a small number of large, global producers and a growing compliment of smaller regional producers.

We offer an extensive range of products, under the Tioxide® and Deltio® brand names, to approximately 1,500 customers in all major titanium dioxide end markets and geographic regions. The geographic diversity of our manufacturing facilities allows our Pigments segment to service local customers, as well as global customers that require delivery to more than one location. Our diverse customer base includes Ampacet, A. Schulman, Akzo Nobel, BASF, Cabot, Clariant, Jotun, PolyOne and PPG. Our pigments business has an aggregate annual nameplate capacity of approximately 560,000 tonnes at our seven production facilities. Four of our titanium dioxide manufacturing plants are located in Europe, one is in North America, one is in Asia, and one is in South Africa. Our North American operation consists of a 50% interest in a manufacturing joint venture with Kronos Worldwide, Inc.

Our Pigments segment is focused on improving our competitive position and providing customers with innovative products and solutions. To further our competitive position we expanded our Greatham, U.K. chloride-based facility by 50% to 150,000 tonnes per annum capacity in 2008 and, during the first quarter of 2009, closed our Grimsby, U.K. sulphate-based facility. We continue to pursue other projects

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to improve manufacturing costs at each of our facilities. We are also introducing a number of innovative new products to the market, including our Deltio® range of free-flowing pigments.

Products and Markets

Historically, global titanium dioxide demand growth rates tend to closely track global GDP growth rates. However, the demand growth rate and its relationship with the GDP growth rate varies by region. Developed markets such as the U.S. and Western Europe exhibit higher absolute consumption but lower demand growth rates, while emerging markets such as Asia exhibit much higher demand growth rates. The titanium dioxide industry experiences some seasonality in its sales reflecting the high exposure to seasonal coatings end use markets. Coating sales generally peak during the spring and summer months in the northern hemisphere, resulting in greater sales volumes during the second and third quarters of the year.

There are two manufacturing processes for the production of titanium dioxide, the sulfate process and the chloride process. Most recent capacity additions by the five major producers have employed the chloride process technology while those by smaller producers have generally used the sulphate process technology. We currently believe that the chloride process accounts for approximately 60% of global production capacity. However, the global distribution of sulfate- and chloride-based titanium dioxide capacity varies by region, with the sulfate process being predominant in Europe, our primary market. The chloride process is the predominant process used in North America, and both processes are used in Asia. While most end-use applications can use pigments produced by either process, regional market preferences typically favor products that are locally available. We believe the chloride and sulfate manufacturing processes compete effectively in the marketplace.

The titanium dioxide industry currently has five major producers and a large number of small regional or local producers. Titanium dioxide supply has historically kept pace with increases in demand as producers increased capacity through low cost incremental debottlenecks and efficiency improvements. During periods of low titanium dioxide demand, the industry experiences high stock levels and consequently reduces production to manage working capital. Pricing in the industry is driven primarily by supply/demand balance. Based upon current price levels and the long lead times for planning, governmental approvals and construction, we do not expect significant additional greenfield capacity in the near future.

Sales and Marketing

Approximately 85% of our titanium dioxide sales are made through our direct sales and technical services network, enabling us to cooperate more closely with our customers and to respond to our increasingly global customer base. Our concentrated sales effort and local manufacturing presence have allowed us to achieve our leading market shares in a number of the countries where we manufacture titanium dioxide.

In addition, we have focused on marketing products to higher growth industries. For example, we believe that our pigments business is well-positioned to benefit from the projected growth in the plastics sector which we expect to grow faster than the overall titanium dioxide market over the next several years.

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Manufacturing and Operations

Our pigments business has eight manufacturing sites in seven countries with a total capacity of approximately 560,000 tonnes per year. Approximately 72% of our titanium dioxide capacity is located in Western Europe. The following table presents information regarding our titanium dioxide facilities:

Region	**Site**	**Annual Capacity (tonnes)**	**Process**
Western Europe	Greatham, U.K.	150,000	Chloride
	Calais, France	95,000	Sulfate
	Huelva, Spain	80,000	Sulfate
	Scarlino, Italy	80,000	Sulfate
North America	Lake Charles, Louisiana(1)	70,000	Chloride
Asia	Teluk Kalung, Malaysia	60,000	Sulfate
Southern Africa	Umbogintwini, South Africa	25,000	Sulfate
Total		560,000	

(1) This facility is owned and operated by Louisiana Pigment Company, L.P., a manufacturing joint venture that is owned 50% by us and 50% by Kronos Worldwide. The capacity shown reflects our 50% interest in Louisiana Pigment Company L.P.

In 2008, we completed the expansion of our Greatham, U.K. facility by 50,000 tonnes. We are also well positioned to selectively invest in new plant capacity based upon our ICON chloride technology. ICON technology allows for the construction of new capacity with world-scale economics at a minimum nameplate size of 65,000 tonnes. We believe competing chloride technologies typically require a minimum capacity of 100,000 tonnes to achieve comparable economics. Our chloride additions can be more easily absorbed into the market, which provides higher investment returns than larger capacity additions.

During the first quarter of 2009, we closed our Grimsby, U.K. sulphate-based manufacturing facility.

Joint Venture

We own a 50% interest in Louisiana Pigment Company L.P., a manufacturing joint venture located in Lake Charles, Louisiana. The remaining 50% interest is held by our joint venture partner, Kronos Worldwide. We share production offtake and operating costs of the plant equally with Kronos Worldwide, though we market our share of the production independently. The operations of the joint venture are under the direction of a supervisory committee on which each partner has equal representation. Our investment in Louisiana Pigment Company L.P. is accounted for using the equity method.

Raw Materials

The primary raw materials used to produce titanium dioxide are titanium-bearing ores. We purchase the majority of our ore under long-term supply contracts with a number of ore suppliers. The majority of titanium-bearing ores are sourced from Australia, South Africa and Canada. Ore accounts for approximately 45% of pigment variable manufacturing costs, while utilities (electricity, gas and steam), sulfuric acid and chlorine collectively account for approximately 30% of our variable manufacturing costs.

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The world market for titanium bearing ores is characterized by a small number of large suppliers (Rio Tinto, Iluka and Exxaro) which account for approximately 60% of global supply and from which we purchase approximately 75% of our needs. However, the choice of producers has increased in recent years with a number of emerging suppliers based in India and Africa and we have broadened our supply base by purchasing increasing amounts of our ores from these suppliers. Over 80% of our ore purchases are made under agreements with terms of three or more years.

Titanium dioxide producers extract titanium from ores and process it into pigmentary titanium dioxide using either the chloride or sulfate process. Once an intermediate titanium dioxide pigment has been produced, it is "finished" into a product with specific performance characteristics for particular end-use applications. The finishing process is common to both the sulfate and chloride processes and is a major determinant of the final product's performance characteristics.

The sulfate process generally uses less-refined ores that are cheaper to purchase but produce more co-product than the chloride process. Co-products from both processes require treatment prior to disposal in order to comply with environmental regulations. In order to reduce our disposal costs and to increase our cost competitiveness, we have developed and marketed the co-products of our pigments business. We sell over 50% of the co-products generated by our business.

Competition

The global markets in which our pigments business operates are highly competitive. Competition is based primarily on price. In addition, we also compete on the basis of product quality and service. The major global producers against whom we compete are DuPont, Tronox, Kronos and Cristal, each of which has a global presence and the ability to service all global markets. Some of our competitors may be able to produce products more economically than we can. In addition, some of our competitors in this market have greater financial resources, which may enable them to invest significant capital into their businesses, including expenditures for research and development. If any of our current or future competitors in this market develops proprietary technology that enables them to produce products at a significantly lower cost, our technology could be rendered uneconomical or obsolete. Moreover, the sulphate-based titanium dioxide technology used by our Pigments business is widely available. Accordingly, barriers to entry, apart from capital availability, may be low and the entrance of new competitors into the industry may reduce our ability to capture improving profit margins in circumstances where capacity utilization in the industry is increasing.

RESEARCH AND DEVELOPMENT

For the years ended December 31, 2009, 2008 and 2007, we spent $145 million, $154 million and $145 million, respectively, on research and development.

We support our business with a major commitment to research and development, technical services and process engineering improvement. Our research and development centers are located in The Woodlands, Texas, Everberg, Belgium, and Shanghai, China. Other regional development/technical service centers are located in Billingham, England (pigments); Auburn Hills, Michigan (polyurethanes for the automotive industry); Derry, New Hampshire, Shanghai, China, Deggendorf, Germany and Ternate, Italy (polyurethanes); Melbourne, Australia (surfactants); Port Neches, Texas (process engineering support); and Basel, Switzerland (textile effects).

INTELLECTUAL PROPERTY RIGHTS

Proprietary protection of our processes, apparatuses, and other technology and inventions is important to our businesses. We own approximately 590 unexpired U.S. patents, approximately 175 patent applications (including provisionals) currently pending at the U.S. Patent and Trademark Office, and approximately 3,850 foreign counterparts, including both issued patents and pending patent applications. While a presumption of validity exists with respect to issued U.S. patents, we cannot assure that any of our patents will not be challenged, invalidated, circumvented or rendered unenforceable. Furthermore, we cannot assure the issuance of any pending patent application, or that if patents do issue, that these patents will provide meaningful protection against competitors or against competitive technologies. Additionally, our competitors or other third parties may obtain patents that restrict or preclude our ability to lawfully produce or sell our products in a competitive manner.

We also rely upon unpatented proprietary know-how and continuing technological innovation and other trade secrets to develop and maintain our competitive position. There can be no assurance, however, that confidentiality agreements into which we enter and have entered will not be breached, that they will provide meaningful protection for our trade secrets or proprietary know-how, or that adequate remedies will be available in the event of an unauthorized use or disclosure of such trade secrets and know-how. In addition, there can be no assurance that others will not obtain knowledge of these trade secrets through independent development or other access by legal means.

In addition to our own patents and patent applications and proprietary trade secrets and know-how, we are a party to certain licensing arrangements and other agreements authorizing us to use trade secrets, know-how and related technology and/or operate within the scope of certain patents owned by other entities. We also have licensed or sub-licensed intellectual property rights to third parties.

We have associated brand names with a number of our products, and we have approximately 175 U.S. trademark registrations (including applications for registration currently pending at the U.S. Patent and Trademark Office), and approximately 5,100 foreign counterparts, including both registrations and applications for registration. However, there can be no assurance that the trademark registrations will provide meaningful protection against the use of similar trademarks by competitors, or that the value of our trademarks will not be diluted.

Because of the breadth and nature of our intellectual property rights and our business, we do not believe that any single intellectual property right (other than certain trademarks for which we intend to maintain the applicable registrations) is material to our business. Moreover, we do not believe that the termination of intellectual property rights expected to occur over the next several years, either individually or in the aggregate, will materially adversely affect our business, financial condition or results of operations.

EMPLOYEES

As of December 31, 2009, we employed approximately 11,000 people in our operations around the world. Approximately 2,000 of these employees are located in the U.S., while approximately 9,000 are located in other countries. We believe our relations with our employees are good.

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.

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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, 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 years ended December 31, 2009, 2008 and 2007, our capital expenditures for EHS matters totaled $54 million, $58 million and $69 million, respectively. Since capital expenditures for these matters are subject to evolving regulatory requirements and depend, in part, on the timing, promulgation and enforcement of specific requirements, 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 wastes that were disposed of prior to the purchase of our businesses. Under some circumstances, the scope of our liability may extend to damages to natural resources. The extent of damage may not be fully known and the processes and cost of remediation may change as new information is obtained or technology for remediation is improved. Our process for estimating the expected cost for remediation considers the information available, technology that can be utilized and estimates of the extent of damage.

Under the U.S. Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("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.

In addition, under the U.S. Resource Conservation and Recovery Act of 1976, as amended ("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

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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 Australian (Victorian) EPA 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 March 31, 2009, we submitted the required Site Remediation Action Plan to the agency which proposed additional investigation and remediation method trials. We can provide no assurance that the EPA will agree with our proposed plan, will not seek to institute additional requirements for the site or that additional costs will not be associated with the clean up. Additionally, on September 8, 2009, we announced a decision to close this facility in early 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 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.

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 full 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 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 $41 million and $7 million for environmental liabilities as of December 31, 2009 and 2008, respectively. Of these amounts, $5 million and $4 million were classified as accrued liabilities in our consolidated balance sheets as of December 31, 2009 and 2008, respectively, and

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$36 million and $3 million were classified as other noncurrent liabilities in our consolidated balance sheets as of December 31, 2009 and December 31, 2008, respectively. 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.

Regulatory Developments

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 alternatives 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. Our pre-registration REACH compliance began on June 1, 2008, utilizing internal resources at nominal expense and we met all chemical pre-registration requirements by the November 30, 2008 regulatory deadline. We are currently proceeding with the registration 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.

Greenhouse Gas Regulation

In the EU and other jurisdictions committed to compliance with the Kyoto Protocol to the United Nations Framework Convention on Climate Change (the "Kyoto Protocol"), there is an increasing likelihood that our manufacturing sites will be affected in some way over the next few years by regulation or taxation of greenhouse gas ("GHG") emissions. For example, Australia recently proposed its Carbon Pollution Reduction Scheme, which may impact our Australian operations, and program implementation is currently scheduled for 2011. In addition, although the U.S. is not a signatory to the Kyoto Protocol, several states are implementing their own GHG regulatory programs and a federal program in the U.S. is likely for the future. Draft U.S. federal legislation and the recent U.S. EPA Clean Air Act endangerment findings for carbon dioxide have focused corporate attention on the eventuality of measuring and reporting of GHG emissions for operations in the U.S. The U.S. EPA also recently mandated GHG reporting requirements for U.S. sources in excess of 25,000 tons beginning in 2010. Final details of a comprehensive U.S. GHG management approach is, as yet, uncertain. Nevertheless, 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.

Chemical Facility Anti-terrorism Rulemaking

The 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 designated quantities on the Appendix A list were required to submit a "Top Screen" to DHS in 2008. A Top Screen is a questionnaire completed by a facility having Chemicals of Interest in designated threshold quantities. In early 2008, we submitted Top Screens for all of our covered facilities. After reviewing the Top Screens, DHS determined that some 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 higher security tier. The DHS determined the other three sites to be low security tiers. The three sites will be required to develop site security plans based on a list of 18 risk-based performance standards, but security improvements recommended from the site security plans are not anticipated to be material. We believe that security upgrades to the tier-elevated site will be required; however we do not know what these required updates will be and thus cannot reasonably estimate associated costs at this time, but they could be material. Additionally, on November 26, 2008, the Transportation Safety Administration of the DHS published a final rule regarding "rail security sensitive materials" that are received at or shipped from facilities. We have three sites that are subject to this new rule, but at this time do not anticipate that the costs to comply will be material.

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 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 more than 150 cases in U.S. courts that allege MTBE contamination in groundwater. Many of these cases were settled after the parties engaged in mediation supervised by a court-appointed special settlement master. Beginning in March 2007 and continuing through June 24, 2009, we have been named as a defendant in 18 of these lawsuits pending in New York state and federal courts. For more information, see "Item 3. Legal Proceedings MTBE Litigation." The plaintiffs in the MTBE groundwater contamination cases generally seek compensatory damages, punitive damages, injunctive relief, such as monitoring and abatement, and attorney fees.

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While we currently have insufficient information to meaningfully assess our potential exposure in these cases, we have joined with a larger group of defendants in an effort to mediate the plaintiffs' claims. Mediation in late 2008 and early 2009 was unsuccessful. A further mediation session was held February 3, 2010 which resulted in a tentative settlement in each of the cases in which we have been named. Our allocated portion of the total settlement amount is not material and we have accrued a liability for the claims equal to our allocated portion of the settlement. It is possible that we could be named as a defendant in additional 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.

AVAILABLE INFORMATION

We maintain an internet website at http://www.huntsman.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports are available free of charge through our website as soon as reasonably practicable after we file this material with the SEC. We also provide electronic or paper copies of our SEC filings free of charge upon request.

GLOSSARY OF CHEMICAL TERMS

DEG di-ethylene glycol

BDO butane diol

DGA® Agent DIGLYCOLAMINE® agent

EG ethylene glycol

EO ethylene oxide

EPS expanded polystyrene

LAB linear alkyl benzene

LAS linear alkylbenzene sulfonate

LDPE low density polyethylene

LER liquid epoxy resins

LLDPE linear low density polyethylene

LNG liquefied natural gas

MEG mono-ethylene glycol

MDI methyl diphenyl diisocyanate

MTBE methyl tertiary-butyl ether

PG propylene glycol

PO propylene oxide

Polyols a substance containing several hydroxyl groups. A diol, triol and tetrol contain two, three and four hydroxyl groups respectively

TBA tertiary-butyl alcohol

TBHP tert-butyl hydroperoxide

TDI toluene diisocyanate

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TEG tri-ethylene glycol

TiO_2 titanium dioxide pigment

TPU thermoplastic polyurethane

UPR unsaturated polyester resin

ITEM 1A. RISK FACTORS

Any of the following risks could materially and adversely affect our business, results of operations and financial condition.

RISKS RELATED TO OUR BUSINESS

Our industry is affected by global economic factors including risks associated with declining economic conditions.

Our financial results are substantially dependent upon overall economic conditions in the United States, the European Union and Asia. Declining economic conditions in all or any of these locations or negative perceptions about economic conditions could result in a substantial decrease in demand for our products and could adversely affect our business. Indeed, as a result of the current economic downturn, we have experienced decreased demand for many of our products.

Uncertain economic conditions and market instability make it difficult for us, our customers and our suppliers to forecast demand trends. Renewed declines in demand would place additional pressure on our results of operations. The timing and extent of any changes to currently prevailing market conditions is uncertain and supply and demand may be unbalanced at any time. As a consequence, at present, we are unable to accurately predict future economic conditions or the effect of such conditions on our financial condition or results of operations, and we can give no assurances as to the timing, extent or duration of the current or future economic cycles impacting the chemical industry.

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

The prices of the raw materials that we purchase from third parties are cyclical and volatile. We purchase a substantial portion of these raw materials from third party suppliers, and, following the dispositions of our base chemicals and polymers businesses in 2007 and 2006, respectively, our purchases of certain products from third party suppliers have significantly increased. The cost of these raw materials represents a substantial portion of our operating expenses. The prices for a number of these raw materials generally follow price trends of, and vary with market conditions for, crude oil and natural gas feedstocks, which are highly volatile and cyclical.

The feedstocks and other raw materials we consume are generally commodity products that are readily available at market prices. We frequently enter into supply agreements with particular suppliers, but disruptions of existing supply arrangements could substantially impact our profitability. If certain of our suppliers are unable to meet their obligations under present supply agreements, we may be forced to pay higher prices to obtain the necessary raw materials from other sources and we may not be able to increase prices for our finished products to recoup the higher raw materials costs. In addition, if any of the raw materials that we use become unavailable within the geographic area from which they are now sourced, then we may not be able to obtain suitable or cost effective substitutes. Any interruption in the supply of raw materials could increase our costs or decrease our revenues, which could reduce our cash flow.

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Our supply agreements typically provide for market-based pricing and provide us only limited protection against price volatility. While we attempt to match cost increases with corresponding product price increases, we are not always able to raise product prices immediately or at all. Timing differences between raw material prices, which may change daily, and contract product prices, which in many cases are negotiated only monthly or less often, have had and may continue to have a negative effect on our cash flow. Any cost increase that we are not able to pass on to our customers could have a material adverse effect on our business, results of operations, financial condition and liquidity.

Financial difficulties and related problems at our customers, vendors, suppliers and other business partners could have a material adverse effect on our business.

The recent economic downturn has caused financial problems at some customers, vendors, suppliers and business partners. We rely on numerous vendors and suppliers and collaborations with other industry participants to provide us with chemicals, feedstocks and other raw materials, along with energy sources and, in certain cases, facilities, that we need to operate our business. If the economic downturn were to continue or worsen, some of these companies may be forced to reduce their output, shut down their operations or file for bankruptcy protection. If this were to occur, it could materially adversely affect their ability to provide us with the raw materials, energy sources or facilities that we need, which could disrupt our operations, including the production of certain of our products. In addition, it could be difficult to find replacements for certain of our business partners without incurring significant delays or cost increases.

In addition, if the economic downturn were to continue or worsen, some of our customers may experience financial difficulties, including bankruptcies, restructurings and liquidations, which could affect our business by reducing sales, increasing our risk in extending trade credit to customers and reducing our profitability. A significant adverse change in a customer relationship or in a customer's financial position could cause us to limit or discontinue business with that customer, require us to assume more credit risk relating to that customer's receivables or limit our ability to collect accounts receivable from that customer, all of which could have a material adverse effect on our business, results of operations, financial condition and liquidity.

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

We have a significant amount of indebtedness outstanding. As of December 31, 2009, we had total consolidated outstanding indebtedness of approximately $4,212 million (including the current portion of long-term debt) and a debt to total capitalization ratio of approximately 69%. This balance does not reflect approximately $254 million under our U.S. accounts receivable securitization program ("U.S. A/R Program") and our European accounts receivable securitization program ("EU A/R Program," and, collectively with the U.S. A/R Program, our "A/R Program" or "A/R Programs") at December 31, 2009. Our outstanding debt could have important consequences for our businesses, including the following:

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

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

- our ability to obtain additional financing may be constrained due to our existing level of debt, particularly in the current credit environment; and part of our indebtedness is, and any future debt may be, subject to variable interest rates, which makes us vulnerable to increases in interest rates.

We require substantial capital to finance our operations and continued growth, and we may incur substantial additional debt from time to time for a variety of purposes, including acquiring additional businesses. However, our existing debt instruments contain restrictive covenants. Among other things, these covenants limit or prohibit our ability to incur more debt; make prepayments of other debt; pay dividends, redeem stock or make other distributions; issue capital stock; make investments; create liens; enter into transactions with affiliates; enter into sale and leaseback transactions; merge or consolidate; and transfer or sell assets.

Our debt instruments also require us to comply with certain financial covenants under certain circumstances. For example, after entering into a waiver on April 16, 2009, the leverage covenant applicable to our $650 million revolving facility (the "Revolving Facility") under our senior secured credit facilities (the "Senior Credit Facilities") requires us to maintain a maximum senior secured debt to EBITDA ratio of 5.00 to 1 when loans or letters of credit are outstanding under the Revolving Facility. We may consent to terminating the waiver in conjunction with a proposed amendment to the Revolving Facility that we are currently seeking. In that event, the required maximum senior secured debt to EBITDA ratio would return to 3.75 to 1.00. As of December 31, 2009, we were in compliance with the covenant. However, if we violate this covenant, it could lead to an event of default under the Senior Credit Facilities, which could require us to pay off the balance of the Senior Credit Facilities in full and result in a loss of such facilities. Given the current credit environment, it may not be possible for us to replace the Senior Credit Facilities with a substitute facility on terms acceptable to us, or at all.

We also must comply with certain financial covenants under our $250 million U.S. A/R Program and our €225 million (approximately $323 million) EU A/R Program. Failure to meet such covenants could lead to an event of default and could require us to cease use of such facilities, thus prohibiting us from borrowing against our receivables. A default under our 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 result in a loss of such facilities. In summary, if debt under one or more of our facilities is accelerated, cross-default provisions in our debt instruments would likely be triggered, which would likely have a material adverse impact on our financial condition.

Also, if we undergo a change of control, our debt instruments may require us to make an offer to purchase certain of our notes. Under these circumstances, we may also be required to repay indebtedness under our Senior Credit Facilities prior to our notes. In this event, we may not have the financial resources necessary to purchase such notes, which would result in an event of default under the indentures governing such notes.

As of December 31, 2009, the current portion of our long term debt to affiliates totaled approximately $431 million. As of December 31, 2009, we had combined outstanding variable rate borrowings of approximately $2.2 billion. Assuming a 1% increase in interest rates, without giving effect to any interest rate hedges or our cash balances, our annual interest rate expense would increase by approximately $22 million. If we are unable to generate sufficient cash flow or are otherwise unable to obtain the funds required to meet payments of principal and interest on our indebtedness, or if we otherwise fail to comply with the various covenants in the instruments governing our indebtedness, we could be in default under the terms of those instruments. In the event of a default, a holder of the indebtedness could elect to declare all the funds borrowed under those instruments to be due and payable together with accrued and unpaid interest, the creditors under our Senior Credit Facilities could elect to terminate their commitments thereunder, and we or one or more of our subsidiaries could be forced into bankruptcy or liquidation. Any of the foregoing consequences could have a material adverse effect on our business, results of operations and financial condition.

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We may not be able to obtain funding because of the deterioration of the credit and capital markets. This may hinder or prevent us from meeting our future capital needs and from refinancing our existing indebtedness when it comes due.

Global financial markets and economic conditions continue to be volatile, which has resulted in substantial deterioration in the credit and capital markets. These conditions, along with significant write-offs in the financial services sector and the re-pricing of credit risk, may make it difficult to obtain funding for our ongoing capital needs.

In particular, the cost of raising money in the debt and equity capital markets has increased substantially while the availability of funds from those markets generally has diminished. Also, as a result of concerns about the stability of financial markets generally and the solvency of counterparties specifically, the cost of obtaining money from the credit markets generally has increased as many lenders and institutional investors have increased interest rates, enacted tighter lending standards, refused to refinance existing debt at maturity on terms that are similar to existing debt, and reduced, or in some cases ceased, to provide funding to borrowers.

Due to these factors, we cannot be certain that additional funding for our capital needs from credit and capital markets will be available if needed and, to the extent required, on acceptable terms. In addition, we may be unable to refinance our existing indebtedness when it comes due on terms that are acceptable to us or at all. If we cannot meet our capital needs or refinance our existing indebtedness, it could have a material adverse effect on our financial position and results of operations.

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

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

The industries in which we compete are highly competitive, and we may not be able to compete effectively with our competitors that have greater financial resources, which could have a material adverse effect on our business, results of operations and financial condition.

The industries in which we operate are highly competitive. Among our competitors are some of the world's largest chemical companies and major integrated petroleum companies that have their own raw material resources. Changes in the competitive landscape could make it difficult for us to retain our leadership position in various products and markets throughout the world. In addition, some of the companies with whom we compete may be able to produce products more economically than we can. Furthermore, some of our competitors have greater financial resources, which may enable them to invest significant capital into their businesses, including expenditures for research and development. While we are engaged in a range of research and development programs to develop new products and processes, to improve and refine existing products and processes, and to develop new applications for existing products, the failure to develop new products, processes or applications could make us less competitive. Moreover, if any of our current or future competitors develops proprietary technology that enables them to produce products at a significantly lower cost, our technology could be rendered uneconomical or obsolete.

In addition, certain of our businesses use technology that is widely available. Accordingly, barriers to entry, apart from capital availability, may be low in certain product segments of our business, and

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the entrance of new competitors into the industry may reduce our ability to capture improving profit margins in circumstances where capacity utilization in the industry is increasing. Further, petroleum-rich countries have become more significant participants in the petrochemical industry and may expand this role significantly in the future. Increased competition in any of our businesses could compel us to reduce the prices of our products, which could result in reduced profit margins and loss of market share and have a material adverse effect on our business, results of operations, financial condition and liquidity.

Future acquisitions, partnerships and joint ventures may require significant resources and/or result in unanticipated adverse consequences that could have a material adverse effect on our business, results of operations and/or financial condition.

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

- the inability to maintain key pre-acquisition business relationships;
- increased operating costs;
- exposure to unanticipated liabilities; and
- difficulties in realizing projected efficiencies, synergies and cost savings.

We have incurred indebtedness to finance past acquisitions. We may finance future acquisitions with additional indebtedness. We could face financial risks associated with incurring additional indebtedness, such as reducing our liquidity and access to financial markets and increasing the amount of cash flow required to service indebtedness, which could have a material adverse effect on our business, results of operations and financial condition.

Our results of operations may be adversely affected by international business risks, including fluctuations in currency exchange rates, legal restrictions and taxes.

We conduct a majority of our business operations outside the U.S., and these operations are subject to risks normally associated with international operations. These risks include the need to convert currencies that may be received for our products into currencies in which we purchase raw materials or pay for services, which could result in a gain or loss depending on fluctuations in exchange rates. In addition, we translate our local currency financial results into U.S. dollars based on average exchange rates prevailing during the reporting period or the exchange rate at the end of that period. During times of a strengthening U.S. dollar, our reported international sales and earnings may be reduced because the local currency may translate into fewer U.S. dollars. Because we currently have significant operations located outside the U.S., we are exposed to fluctuations in global currency rates which may result in gains or losses on our financial statements.

Other risks of international operations include trade barriers, tariffs, exchange controls, national and regional labor strikes, social and political risks, general economic risks and required compliance with a variety of U.S. and foreign laws, including tax laws. Furthermore, in foreign jurisdictions where process of law may vary from country to country, we may experience difficulty in enforcing agreements. In jurisdictions where bankruptcy laws and practices may vary, we may experience difficulty collecting foreign receivables through foreign legal systems. The occurrence of these risks, among others, could

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disrupt the businesses of our international subsidiaries, which could significantly affect their ability to make distributions to us.

We operate in a significant number of jurisdictions, which contributes to the volatility of our effective tax rate. Changes in tax laws or the interpretation of tax laws in the jurisdictions in which we operate may affect our effective tax rate. In addition, generally accepted accounting principles in the U.S. ("GAAP" or "U.S. GAAP") has required us to place valuation allowances against our net operating losses and other deferred tax assets in a significant number of tax jurisdictions. These valuation allowances result from a cumulative history of pre-tax operating losses in specific tax jurisdictions. Valuation allowances have resulted in material fluctuations in our effective tax rate. Economic conditions may dictate the continued imposition of the current valuation allowances and potentially the establishment of new valuation allowances. While significant valuation allowances remain, our effective tax rate will likely continue to experience significant fluctuations.

The current administration has announced several proposals to reform U.S. tax laws, including a proposal to further limit foreign tax credits and a proposal to defer tax deductions allocable to non-U.S. earnings until earnings are repatriated. It is unclear whether these proposed changes will be enacted, or, if enacted, what the scope of the reforms will be. Depending on their content, such reforms, if enacted, could have a material adverse effect on our operating results and financial condition.

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

Historically, the markets for many of our products have experienced alternating periods of tight supply, causing prices and profit margins to increase, followed by periods of capacity additions, resulting in oversupply and declining prices and profit margins. The volatility these markets experience occurs as a result of changes in the supply and demand for products, changes in energy prices and changes in various other economic conditions around the world. This cyclicality and volatility of our industry results in significant fluctuations in profits and cash flow from period to period and over the business cycle.

Natural or other disasters could disrupt our business and result in loss of revenue or in higher expenses.

Any serious disruption at any of our facilities due to hurricane, fire, earthquake, flood, terrorist attack or any other natural or man-made disaster could impair our ability to use our facilities and have a material adverse impact on our revenues and increase our costs and expenses. If there is a natural disaster or other serious disruption at any of these facilities, it could impair our ability to adequately supply our customers and negatively impact our operating results. In addition, many of our current and potential customers are concentrated in specific geographic areas. A disaster in one of these regions could have a material adverse impact on our operations, operating results and financial condition.

While we maintain business recovery plans that are intended to allow us to recover from natural disasters or other events that could disrupt our business, we cannot provide assurances that our plans would fully protect us from all such disasters or events that might result due to climate change. In addition, insurance may not adequately compensate us from any losses incurred as a result of natural or other disasters. Furthermore, in areas prone to frequent natural or other disasters, insurance may become increasingly expensive or not at all available.

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

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

We maintain property, business interruption and casualty insurance policies which we believe are in accordance with customary industry practices, but we are not fully insured against all potential hazards and risks incident to our business. We maintain property damage and business interruption insurance policies and products liability insurance policies, as well as insurance policies covering other types of risks, including pollution legal liability insurance. Each of these insurance policies is subject to customary exclusions, deductibles and coverage limits, in accordance with industry standards and practices. As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially and, in some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business, results of operations, financial condition and liquidity.

In addition, we are subject to various claims and litigation in the ordinary course of business. We are a party to various pending lawsuits and proceedings. It is possible that judgments could be rendered against us in these cases or others in which we could be uninsured or not covered by indemnity and beyond the amounts that we currently have reserved or anticipate incurring for such matters.

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

We are subject to extensive federal, state, local and foreign laws, regulations, rules and ordinances relating to pollution, protection of the environment and human health, and the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials. Actual or alleged violations of environmental laws or permit requirements could result in restrictions or prohibitions on plant operations, substantial civil or criminal sanctions, as well as, under some environmental laws, the assessment of strict liability and/or joint and several liability.

Continually increasing concerns regarding the safety of chemicals in commerce and their potential impact on the environment constitute a growing trend. Governmental, regulatory and societal demands for continuously increasing levels of product safety and environmental protection could result in continued pressure for more stringent regulatory control with respect to the chemical industry. In addition, these concerns could influence public perceptions, the viability of certain products, our reputation, the cost to comply with regulations, and the ability to attract and retain employees. Moreover, changes in environmental regulations could inhibit or interrupt our operations, or require us to modify our facilities or operations. Accordingly, environmental or regulatory matters may cause us to incur significant unanticipated losses, costs or liabilities, which could reduce our profitability.

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

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

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

We produce MTBE, an oxygenate that is blended with gasoline to reduce vehicle air emissions and to enhance the octane rating of gasoline. 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 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 more than 150 cases in U.S. courts that allege MTBE contamination in groundwater. Many of these cases were settled after the parties engaged in mediation supervised by a court-appointed special settlement master. Beginning in March 2007 and continuing through June 24, 2009, we have been named as a defendant in 18 of these lawsuits pending in New York state and federal courts. For more information, see "Item 3 Legal Proceedings MTBE Litigation." The plaintiffs in the MTBE groundwater contamination cases generally seek compensatory damages, punitive damages, injunctive relief, such as monitoring and abatement, and attorney fees. While we currently have insufficient information to meaningfully assess our potential exposure in these cases, we have joined with a larger group of defendants in an effort to mediate the plaintiffs' claims. Mediation in late 2008 and early 2009 was unsuccessful. A further mediation session was held February 3, 2010 which resulted in a tentative settlement in each of the cases in which we have been named. Our allocated portion of the total settlement amount is not material and we have accrued a liability for the claims equal to our allocated portion of the settlement. It is possible that we could be named as a defendant in additional 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.

Failure to adequately protect critical data and technology systems could materially affect our operations

Information technology system failures, network disruptions and breaches of data security could disrupt our operations by causing delays or cancellation of customer orders, impeding the manufacture or shipment of products, processing transactions and reporting financial results, resulting in the unintentional disclosure of customer or our information, or damage to our reputation. While management has taken steps to address these concerns by implementing network security and internal control measures, there can be no assurance that a system failure or data security breach will not have a material adverse effect on our financial condition and operating results.

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

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

We also rely upon unpatented proprietary know-how and continuing technological innovation and other trade secrets to develop and maintain our competitive position. While it is our policy to enter into confidentiality agreements with our employees and third parties to protect our intellectual property, these confidentiality agreements may be breached, may not provide meaningful protection for our trade secrets or proprietary know-how, or adequate remedies may not be available in the event of an unauthorized use or disclosure of our trade secrets and know-how. In addition, others could obtain knowledge of our trade secrets through independent development or other access by legal means. The failure of our patents or confidentiality agreements to protect our processes, apparatuses, technology, trade secrets or proprietary know-how could have a material adverse effect on our business, results of operations, financial condition and liquidity.

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

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

Conflicts, military actions, terrorist attacks and general instability throughout the world, and in particular in certain energy-producing nations, along with increased security regulations related to our industry, could adversely affect our business.

Conflicts, military actions and terrorist attacks have precipitated global economic instability and turmoil in world financial markets. Current regional tensions and conflicts in energy-producing nations, including continuing instability in Iran, ongoing military action in Iraq, and other conflicts have caused, and may cause further, increases in raw material costs, particularly natural gas and crude oil based feedstocks, which are used in our operations. The uncertainty surrounding the threat of further armed hostilities, military action or acts of terrorism may impact any or all of our physical facilities and operations, which are located in North America, Europe, Australia, Asia, Africa, South America and the Middle East, or those of our suppliers or customers. Furthermore, the resulting economic disruption caused by such events may result in reduced demand from our customers for our products.

A military action or terrorist attack that impacts any of our facilities, or the facilities of our suppliers or customers, could have a material adverse effect on our business. In addition, a number of governments have begun regulatory processes that could lead to new regulations impacting the security of chemical plant locations and the transportation of hazardous chemicals, which could result in higher operating costs. These developments will subject our worldwide operations to increased risks and,

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depending on their magnitude, could have a material adverse effect on our business, results of operations, financial condition and liquidity.

If our subsidiaries do not make sufficient distributions to us, then we will not be able to make payment on our debts.

Our debt is generally the exclusive obligation of Huntsman International and our guarantor subsidiaries. Because a significant portion of our operations are conducted by non-guarantor subsidiaries, our cash flow and our ability to service indebtedness, including our ability to pay the interest on our debt when due and principal of such debt at maturity, are dependent to a large extent upon cash dividends and distributions or other transfers from such non-guarantor subsidiaries. Any payment of dividends, distributions, loans or advances by our non-guarantor subsidiaries to us could be subject to restrictions on dividends or repatriation of earnings under applicable local law, monetary transfer restrictions and foreign currency exchange regulations in the jurisdictions in which our subsidiaries operate, and any restrictions imposed by the current and future debt instruments of our non-guarantor subsidiaries. In addition, payments to us by our subsidiaries are contingent upon our subsidiaries' earnings.

Our subsidiaries are separate and distinct legal entities and, except for our guarantor subsidiaries, have no obligation, contingent or otherwise, to pay any amounts due on our debt or to make any funds available for those amounts, whether by dividends, loans, distributions or other payments, and do not guarantee the payment of interest on, or principal of, our debt. Any right that we have to receive any assets of any of our subsidiaries that are not guarantors upon the liquidation or reorganization of any such subsidiary, and the consequent right of holders of notes to realize proceeds from the sale of their assets, will be structurally subordinated to the claims of that subsidiary's creditors, including trade creditors and holders of debt issued by that subsidiary.

Climate change poses both regulatory and physical risks that could adversely impact our results of operations.

In addition to the possible direct economic impact that climate change could have on us, climate change mitigation programs and regulation could significantly increase our costs. Energy costs are a significant component of our overall costs, and climate change regulation may result in significant increases in energy costs. Specifically, our costs could increase if energy companies pass on increased costs to their customers, such as costs resulting from carbon taxes, emission cap and trade programs or renewable portfolio standards. For specific details, see individual risk factors listed above.

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RISKS RELATED TO OUR COMMON STOCK AND DEBT SECURITIES

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

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

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

Shares available for future sale may cause our common stock price to decline, which may negatively impact the trading price of our common stock.

Sales of substantial numbers of additional shares of our common stock, or the perception that such sales could occur, may cause prevailing market prices for shares of our common stock to decline.

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

The issuance of additional equity securities would result in dilution of then-existing stockholders' equity interests in us. Our certificate of incorporation authorizes our Board of Directors, without stockholder approval, to establish one or more series of preferred stock and to determine, with respect to any series of preferred stock, the number of shares in that series and the terms, rights and limitations of that series. If we issue convertible notes or convertible preferred stock, a subsequent conversion may dilute the current common stockholders' interest. Our Board of Directors has no present intention of issuing any such convertible instruments, but reserves the right to do so in the future. In addition, we may issue additional shares of common stock under our equity incentive plans.

Certain provisions contained in our certificate of incorporation and bylaws could discourage a takeover attempt, which may reduce or eliminate the likelihood of a change of control transaction and, therefore, limit your ability to sell our common stock at a price higher than the current market value.

Certain provisions contained in our certificate of incorporation and bylaws, such as a classified Board of Directors, limitations on stockholder proposals at meetings of stockholders and the inability of stockholders to call special meetings and certain provisions of Delaware law, could make it more difficult for a third party to acquire control of our Company, even if some of our stockholders considered such a change of control to be beneficial. Our certificate of incorporation also authorizes our Board of Directors to issue preferred stock without stockholder approval. Therefore, our Board of Directors could elect to issue preferred stock that has special voting or other rights that could make it even more difficult for a third party to acquire us, which may reduce or eliminate your ability to sell our common stock at a price higher than the current market value.

The declaration of dividends by our Company is subject to the discretion of our Board of Directors and limitations under Delaware law, and there can be no assurance that we will continue to pay dividends.

Over the past three years we have paid quarterly dividends on our common stock. The declaration of dividends by our Company is subject to the discretion of our Board of Directors. Our Board of Directors takes into account such matters as general business conditions, our financial results, expected liquidity and capital expenditure requirements, contractual, legal or regulatory restrictions on the payment of dividends, the effect on our debt ratings and such other factors as our Board of Directors may deem relevant, and we can provide no assurance that we will continue to pay dividends on our common stock. In addition, Delaware law contains certain restrictions on a company's ability to pay cash dividends and we can provide no assurance that those restrictions will not prevent us from paying a dividend in future periods.

Jon M. Huntsman, through direct and indirect ownership of our common stock and through certain voting arrangements, may be deemed to control approximately 20% of our outstanding common stock, and he may have the ability to substantially impact the outcome of matters voted on by our stockholders.

Jon M. Huntsman, through direct and indirect ownership of our common stock and through certain voting arrangements, may be deemed to control approximately 20% of our outstanding common stock. Through his interests, he may have the ability to substantially impact:

- the election of the members of the Board of Directors of our Company;
- the outcome of matters submitted to our stockholders for approval, including amendments to our certificate of incorporation, mergers, consolidations and the sale of all or substantially all of our assets; and
- any potential change in control of our Company.

We may purchase a portion of our debt securities.

We may from time to time seek to repurchase or redeem a portion of our debt securities in open market purchases, privately negotiated transactions, tender offers or otherwise. Any such repurchases or redemptions and the timing and amount thereof would depend on prevailing market conditions, liquidity requirements, contractual restrictions and other factors. Such transactions could impact the market for our debt securities and negatively affect our liquidity.

ITEM 1B. UNRESOLVED STAFF COMMENTS

As of December 31, 2009, we did not have any unresolved comments from the staff of the SEC.

ITEM 2. PROPERTIES

We own or lease chemical manufacturing and research facilities in the locations indicated in the list below which we believe are adequate for our short-term and anticipated long-term needs. We own or lease office space and storage facilities throughout the U.S. and in many foreign countries. Our principal executive offices are located at 500 Huntsman Way, Salt Lake City, Utah 84108. The following is a list of our material owned or leased properties where manufacturing, research and main office facilities are located.

Location	Business Segment	Description of Facility
Salt Lake City, Utah	Corporate and Other	Executive Offices
The Woodlands, Texas(1)	Various	Operating Headquarters, Global Technology Center

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Location	Business Segment	Description of Facility
Geismar, Louisiana(2)	Polyurethanes and Performance Products	MDI, Nitrobenzene(4), Aniline(4), Polyols and Maleic Anhydride Manufacturing Facilities and Polyurethanes Systems House
Rozenburg, Netherlands(1)	Polyurethanes	MDI Manufacturing Facility, Polyols Manufacturing Facilities and Polyurethanes Systems House
Shanghai, China	Polyurethanes	MDI Finishing Facilities, Global Technology Center
Caojing, China(3)	Polyurethanes	Precursor MDI Manufacturing Facility
Deerpark, Australia	Polyurethanes	Polyurethane Systems House
Cartagena, Colombia	Polyurethanes	Polyurethane Systems House
Deggendorf, Germany	Polyurethanes	Polyurethane Systems House
Ternate, Italy	Polyurethanes	Polyurethane Systems House
Shanghai, China(1)	Polyurethanes	Polyurethane Systems House, Global Technology Center
Thane (Maharashtra), India(1)	Polyurethanes	Polyurethane Systems House
Buenos Aires, Argentina(1)	Polyurethanes	Polyurethane Systems House
Samuprakam, Thailand(1)	Polyurethanes	Polyurethane Systems House
Kuan Yin, Taiwan(1)	Polyurethanes	Polyurethane Systems House
Tlalnepantla, Mexico	Polyurethanes	Polyurethane Systems House
Mississauga, Ontario(1)	Polyurethanes	Polyurethane Systems House
Obninsk, Russia(4)	Polyurethanes	Polyurethanes Systems House
Dammam, Saudi Arabia(5)	Polyurethanes	Polyurethane Systems House
Auburn Hills, Michigan(1)	Polyurethanes	Polyurethane Research Facility
Everberg, Belgium	Polyurethanes and Performance Products	Polyurethane and Performance Products Regional Headquarters, Global Technology Center
Derry, New Hampshire(1)	Polyurethanes	TPU Research Facility
Ringwood, Illinois(1)	Polyurethanes	TPU Manufacturing Facility
Osnabrück, Germany	Polyurethanes	TPU Manufacturing Facility/ Polyurethane Systems House
Wilton, U.K.	Polyurethanes	Aniline and Nitrobenzene Manufacturing Facilities
Port Neches, Texas	Polyurethanes and Performance Products	Olefins, EO, EG, Surfactants, Amines and PO Manufacturing Facilities
Bergkamen, Germany	Advanced Materials	Synthesis Facility
Monthey, Switzerland	Advanced Materials	Resins and Synthesis Facility
Pamplona, Spain	Advanced Materials	Resins and Synthesis Facility
McIntosh, Alabama	Advanced Materials	Resins and Synthesis Facility
Chennai, India(6)	Advanced Materials	Resins and Synthesis Facility
Bad Saeckingen, Germany(1)	Advanced Materials	Formulating Facility
Duxford, U.K.	Advanced Materials	Formulating Facility
Sadat City, Egypt	Advanced Materials	Formulating Facility
Taboão da Serra, Brazil	Advanced Materials	Formulating Facility
Panyu, China(1)(7)	Advanced Materials	Formulating and Synthesis Facility
East Lansing, Michigan	Advanced Materials	Formulating Facility
Istanbul, Turkey(1)	Advanced Materials	Formulating Facility
Los Angeles, California	Advanced Materials	Formulating Facility
Basel, Switzerland(1)	Advanced Materials and Textile Effects	Technology Center, Advanced Materials headquarters and Textile Effects Synthesis Facility
Panyu, China(1)(7)	Textile Effects	Formulating and Synthesis Facility and Technology Center
Langweid am Leich, Germany(1)	Textile Effects	Formulating Facility
Schweizerhalle, Switzerland(1)	Textile Effects	Formulating Facility
Charlotte, North Carolina(1)	Textile Effects	Formulating Facility
Samutsakorn (Mahachai), Thailand(1)	Textile Effects	Synthesis Facility
Atotonilquillo, Mexico	Textile Effects	Synthesis Facility

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Location	Business Segment	Description of Facility
High Point, North Carolina(1)	Textile Effects	Technology Center
Baroda, India	Textile Effects	Synthesis Facility
Gandaria, Indonesia	Textile Effects	Formulating Facility
Qingdao, China	Textile Effects	Synthesis Facility
Fraijanes, Guatemala(1)	Textile Effects	Formulating Facility
Bogota, Colombia(1)	Textile Effects	Formulating Facility
Gateway West, Singapore(1)	Textile Effects and Performance Products	Textile Effects Headquarters and Performance Products Regional Headquarters
Conroe, Texas	Performance Products	Amines Manufacturing Facility
Petfurdo, Hungary(1)	Performance Products	Amines Manufacturing Facility
Llanelli, U.K.	Performance Products	Amines Manufacturing Facility
Freeport, Texas(1)	Performance Products	Amines Manufacturing Facility
Jurong Island, Singapore(1)	Performance Products	Amines Manufacturing Facility
Chocolate Bayou, Texas(1)	Performance Products	LAB Manufacturing Facility
Pensacola, Florida(1)	Performance Products	Maleic Anhydride Manufacturing Facility
Dayton, Texas	Performance Products	Surfactant Manufacturing Facility
Botany, Australia	Performance Products	Surfactant/EG Manufacturing Facility
St. Mihiel, France	Performance Products	Surfactant Manufacturing Facility
Lavera, France(1)	Performance Products	Surfactant Manufacturing Facility
Castiglione, Italy	Performance Products	Surfactant Manufacturing Facility
Patrica/Frosinone, Italy	Performance Products	Surfactant Manufacturing Facility
Barcelona, Spain(1)	Performance Products	Surfactant Manufacturing Facility
Melbourne, Australia	Performance Products	Research Facility
Greatham, U.K.	Pigments	Titanium Dioxide Manufacturing Facility
Calais, France	Pigments	Titanium Dioxide Manufacturing Facility
Huelva, Spain	Pigments	Titanium Dioxide Manufacturing Facility
Scarlino, Italy	Pigments	Titanium Dioxide Manufacturing Facility
Teluk Kalung, Malaysia	Pigments	Titanium Dioxide Manufacturing Facility
Umbogintwini, South Africa	Pigments	Titanium Dioxide Manufacturing Facility
Lake Charles, Louisiana(8)	Pigments	Titanium Dioxide Manufacturing Facility
West Footscray, Australia(9)	Corporate and Other	Styrenics Manufacturing Facility

(1) Leased land and/or building.

(2) The Geismar facility is owned as follows: we own 100% of the MDI, polyol and maleic anhydride facilities, and Rubicon LLC, a consolidated manufacturing joint venture with Chemtura Corporation in which we own a 50% interest, owns the aniline and nitrobenzene facilities. Rubicon LLC is a separate legal entity that operates both the assets that we own jointly with Chemtura Corporation and our wholly-owned assets at Geismar.

(3) 50% interest in SLIC, our unconsolidated manufacturing joint venture with BASF AG and three Chinese chemical companies.

(4) 45%-owned unconsolidated manufacturing joint venture with NMG.

(5) 51%-owned manufacturing joint venture with Basic Chemicals Industries Ltd.

(6) 76%-owned manufacturing joint venture with Tamilnadu Petroproducts Limited.

(7) 95%-owned manufacturing joint venture with Guangdong Panyu Shilou Town Economic Development Co. Ltd.

(8)

Owned by Louisiana Pigment Company, L.P. which is owned 50% by us and 50% by Kronos Worldwide.

(9) Closure of this facility was announced September 2009. All operations on site are expected to cease during the first quarter of 2010.

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ITEM 3. LEGAL PROCEEDINGS

Discoloration Claims

Certain claims have been filed against us relating to discoloration of unplasticized polyvinyl chloride products allegedly caused by our titanium dioxide ("Discoloration Claims"). Substantially all of the titanium dioxide that is the subject of these claims was manufactured prior to our acquisition of the titanium dioxide business from ICI in 1999. Net of amounts we have received from insurers and pursuant to contracts of indemnity, we have paid an aggregate of approximately $16 million in costs and settlement amounts for Discoloration Claims through December 31, 2009.

During the year ended December 31, 2009, we settled one Discoloration Claim for which we were fully indemnified. During the year ended December 31, 2008, we paid an insignificant amount in partial settlement of a claim. The one remaining Discoloration Claim unresolved as of December 31, 2009 asserted aggregate damages of approximately €1 million (approximately $1 million). An appropriate liability has been accrued for this claim. Based on our understanding of the merits of this claim and our rights under contracts of indemnity and insurance, we do not believe that the net impact on our financial condition, results of operations or liquidity will be material.

In addition, while we can give no assurance that additional Discoloration Claims will not be made in the future, we believe such claims are unlikely. If additional Discoloration Claims were to be made, we have rights under contract to indemnity, including from ICI, and therefore do not believe such claims would have a material impact on our financial condition, results of operations or liquidity. Based on this conclusion and our inability to reasonably estimate our expected costs with respect to these unasserted claims, we have made no accruals in our financial statements as of December 31, 2009 for costs associated with unasserted Discoloration Claims.

Environmental Enforcement 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.

In May 2007, our operation in Wilton, U.K., allegedly caused a discharge of wastewater effluent to be made to Northumbrian Water's Bran Sands treatment facility that contained elevated levels of nitrobenzene. Northumbrian Water alleges that this discharge caused a disruption of its treatment facility which, in turn, exceeded its discharge consent from the U.K. Environmental Agency. The Environmental Agency is investigating a possible prosecution against Northumbrian Water and/or us for the breach. Northumbrian Water has threatened to prosecute our subsidiary in the U.K. To date, however, no charges have been filed.

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 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.

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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 fourteen-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.

	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
Unresolved at beginning of period	1,140	1,192	1,367
Tendered during period	18	21	21
Resolved during period(1)	20	73	196
Unresolved at end of period	1,138	1,140	1,192

(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 December 31, 2009, 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 December 31, 2009.

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, other than a number of cases that were erroneously filed against us due to a clerical error. The cases filed in error have been dismissed.

	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
Unresolved at beginning of period	43	39	42
Filed during period	3	8	52
Resolved during period	7	4	55
Unresolved at end of period	39	43	39

We paid gross settlement costs for asbestos exposure cases that are not subject to indemnification of nil, nil and $3 million during the years ended December 31, 2009, 2008 and 2007, respectively. We

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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 December 31, 2009.

Antitrust Matters

We have been named as a defendant in civil 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 United States 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 United States District Court, District of Kansas. The Kansas court has ruled that plaintiffs may prosecute the Polyether Polyols cases on behalf of a class of all direct purchasers of polyether polyol products in the United States. Bayer has entered into a settlement with the plaintiffs' class and has been dismissed as a defendant. Merits discovery is underway, and trial has been set for May 3, 2011.

We and the other Polyether Polyol defendants (excluding Bayer) have also been named as defendants in two civil antitrust suits brought by certain direct purchasers of polyether polyol products that opted out of the class certified in MDL No. 1616. These cases have been brought by 12 groups of affiliated companies, 73 plaintiffs in all, who allege that between 1994 and 2006 inclusive the Polyether Polyol defendants conspired to fix the prices of polyether polyol products sold in the U.S. and abroad in violation of the Sherman Act, similar laws of several U.S. states, and the laws of the European Union and certain of its member states. We and the other defendants moved to dismiss the opt-out complaints. The Court partially granted the motion to dismiss state law claims and the claims outside the class period. Subsequently, the plaintiffs filed amended complaints and we and the other defendants again filed motions to dismiss their claims outside the class period. On January 25, 2010, the Court granted the defendants' motion to dismiss claims under the laws of the European Union and its member states, but denied our motion to limit the opt-out claims to the class period.

On November 3, 2009, another group of four direct purchasers that opted out of the class certified in MDL No. 1616 filed an action in the United States District Court, District for New Jersey making nearly identical claims as those made by the other direct purchasers. We expect that it will be consolidated for discovery purposes with the other direct actions in MDL No. 1616.

Along with Flexsys, Crompton (now Chemtura), Uniroyal, Rhein Chemie Rheinau, and the other Polyether Polyol defendants, we also have been named as a defendant in a civil antitrust suit pending in the Superior Court of California, County of San Francisco, filed on February 15, 2005, that alleges that between 1994 and 2004 the defendants conspired to fix the prices of certain rubber and urethane products sold in California in violation of antitrust and unfair competition laws of California. This case purports to be brought on behalf of a class of all California purchasers of products containing rubber and urethanes products. By agreement of the parties this case has been stayed pending the resolution of MDL No. 1616.

Along with Dow, BASF, and Lyondell, we have also been named as a defendant in a third amended complaint proposed for filing in an existing civil antitrust suit pending against Bayer and Chemtura in federal district court in Massachusetts. The proposed amended complaint alleges that beginning around 1990 we and the other defendants conspired to fix the prices of MDI, TDI, polyether polyols, and polyester polyols sold throughout the United States in violation of the federal Sherman Act and the laws of various states. The proposed amended complaint seeks to sue on behalf of all indirect purchasers of such products in the United States. The Massachusetts action has been stayed pending plaintiffs' settlement of the previously asserted claims against Bayer and Chemtura. We have filed papers opposing the motion for leave to file the proposed amended complaint adding us as a defendant in that action.

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.

Huntsman International has been named as a defendant in a purported class action civil antitrust suit alleging that it and its co-defendants and other co-conspirators conspired to fix the prices at which titanium dioxide was sold in the U.S. between at least March 1, 2002 and the present. Plaintiffs are seeking injunctive relief, treble damages, costs of suit and attorneys fees. The case was filed February 9, 2010 and is *Haley Paint Company v. E.I. Dupont De Nemours and Company*, Case No. 1:10-cv-00318-RDB, pending in the United States District Court for the District of Maryland. While we have not yet been served, we intend to defend the case vigorously.

MTBE Litigation

We are named as a defendant in 18 lawsuits pending in litigation filed between March 23, 2007 and June 24, 2009 in New York federal and state courts alleging liability related to MTBE contamination in groundwater. Numerous other companies, including refiners, manufacturers and sellers of gasoline, as well as manufacturers of MTBE, were named as defendants in these and many other cases that were pending in U.S. courts. The plaintiffs in the 18 cases in which we are named are municipal water districts, a regional water supply authority, and municipal corporations that claim that defendants' conduct has caused MTBE contamination of their groundwater. Four cases are pending in the U.S. District court for the Southern District of New York and 14 are pending in the Supreme Court of the state of New York, nine in Nassau county and five in Suffolk county. The plaintiffs seek injunctive relief, such as monitoring and abatement, compensatory damages, punitive damages and attorney fees. Together with other defendants, we have filed motions to dismiss all of the state court cases. At this time, while we currently have insufficient information to meaningfully assess our potential exposure in these cases, we have joined with a larger group of defendants in an effort to mediate the plaintiffs' claims. Mediation in late 2008 and early 2009 was unsuccessful. A further mediation session was held February 3, 2010 and resulted in a tentative settlement in each of the cases in which we have been named. Our allocated portion of the total settlement amount is not material. We have accrued a liability for these claims equal to our allocated portion of the settlement.

Shareholder Litigation

From July 5 to July 13, 2007, four putative shareholder class action complaints were filed against our Company and our directors alleging breaches of fiduciary duty in connection with our then-proposed sale to Basell and the receipt of a superior proposal from Hexion. Three actions were filed in Delaware: Cohen v. Archibald, et al., No. 3070, in the Court of Chancery for the State of Delaware (filed July 5, 2007); Augenstein v. Archibald, et al., No. 3076, in the Court of Chancery for the State of Delaware (filed July 9, 2007); and Murphy v. Huntsman, et al., No. 3094, in the Court of Chancery for the State of Delaware (filed July 13, 2007). Another action was filed in Texas: Schwoegler v. Huntsman Corporation, et al., Cause No. 07-07-06993-CV, in the 9th Judicial District Court of Montgomery County, Texas (filed July 6, 2007). As subsequently amended, these lawsuits together allege that we and our directors breached fiduciary duties to the stockholders by, among other things, engaging in an unfair sales process, approving an unfair price per share for the Merger with Hexion, and making inadequate disclosures to stockholders, and that Basell, Hexion and MatlinPatterson entities aided and abetted these breaches of fiduciary duty. The lawsuits sought to enjoin the stockholder vote on the Merger.

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On September 20, 2007, the parties entered into a Memorandum of Understanding with plaintiffs' counsel in the Delaware and Texas actions to settle these four lawsuits. As part of the proposed settlement, the defendants deny all allegations of wrongdoing, but we agreed to make certain additional disclosures in the final proxy statement that was mailed to our stockholders on or about September 14, 2007. In connection with the settlement, the parties also reached an agreement with respect to any application that the plaintiffs' counsel will make for an award of customary attorneys' fees and expenses to be paid following the completion of the Merger.

The Memorandum of Understanding is now null and void and of no force and effect because the Merger was not consummated. The Texas action has been voluntarily dismissed, but there has been no further developments in the Delaware actions at this time.

Port Arthur Plant Fire Insurance Litigation

On August 31, 2007, an action was brought against our Company and International Risk Insurance Company ("IRIC"), our captive insurer, in the United States District Court for the Southern District of Texas, by seventeen reinsurance companies (the "Reinsurers") that reinsure risks under the property insurance policy issued by IRIC to our Company (the "Policy") for the period covering the April 29, 2006 fire at our manufacturing facility in Port Arthur, Texas. The action sought to compel our Company and IRIC to arbitrate with the Reinsurers to resolve disputes related to the claim for losses caused by the fire or, in the alternative, to declare judgment in favor of the Reinsurers. On September 26, 2008, the court denied motions to dismiss filed by our Company and IRIC, ordering the parties to engage in a short period of discovery on the issue of arbitrability. In a second and related action filed by our Company against IRIC in state court in Jefferson County, Texas, IRIC filed a third party petition against the Reinsurers, who then removed that action to the United States District Court for the Eastern District of Texas. Some of the Reinsurers filed answers and motions to compel arbitration, to stay these proceedings, and to change venue to the United States District Court for the Southern District of Texas in order to consolidate the two actions. We filed a motion to remand that action to the state court and opposition to the Reinsurers' motions in that action. On April 23, 2008, the United States District Court for the Eastern District of Texas transferred the case to the United States District Court for the Southern District of Texas. On September 26, 2008, the court denied our motion to remand that suit to the state court in which it was filed.

Pursuant to a December 29, 2008 agreement among the parties to the actions referenced above: (1) a mediation was scheduled for February 24-25, 2009, (2) if the disputes were not fully resolved in mediation, the parties would submit all coverage and quantum issues to a three-arbitrator panel in the second half of 2009, with a binding award to be entered by September 30, 2009 (see current status in paragraph below), (3) the Reinsurers paid an additional $40 million on our claim on December 29, 2008 and agreed that all monies paid by the participating Reinsurers on the claim to date are nonrefundable, (4) we waived our noncontractual claims against the Reinsurers, (5) the first action referenced above is stayed pending final resolution and entry of judgment, and (6) the second action referenced above has been dismissed.

Because the non-binding mediation was not successful, we and the Reinsurers are now participating in binding arbitration which began on November 2, 2009. The binding arbitration is ongoing and further oral arguments have been scheduled in March 2010. Reinsurers responsible for a small percentage of our remaining claim were not parties to the two lawsuits and are not parties to the agreement; thus we may need to pursue actions against them separately for their pro rata shares of the unpaid claim. We have paid our deductible on the claim of $60 million and have been paid $365 million to date by the Reinsurers. Prior to the commencement of the arbitration proceedings, we had claimed an additional approximately $242 million plus interest as presently due and owing and unpaid under the Policy for losses caused by the fire. The arbitration panel has made a preliminary ruling disallowing our claim for interest. In addition, the arbitration panel has made certain preliminary rulings on some of the discrete issues that so far effectively reduce the overall amount we have claimed by approximately $40 million. A final ruling on these and the various other outstanding issues under the claim are not expected until after the oral arguments scheduled in March 2010. For more information, see "Note 25. Casualty Losses and Insurance Recoveries Port Arthur, Texas Plant Fire" to our consolidated financial statements.

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.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Our annual meeting of stockholders was held on November 4, 2009. At that meeting, Peter R. Huntsman, Wayne A. Reaud and Alvin V. Shoemaker were re-elected to serve as Class II directors on our Board of Directors for three-year terms to expire at our annual meeting in 2012 and the appointment of Deloitte & Touche LLP as independent registered public accounting firm for 2009 was ratified. In addition, the amendment and restatement of the Huntsman Stock Incentive Plan to, among other things, increase the number of shares reserved for issuance under such plan by 11,000,000 shares and maintain the plan's compliance with Section 162(m) of the Internal Revenue Code of 1986, as amended, was approved.

The following table gives a brief description of each matter voted upon at our 2009 annual meeting and, as applicable, the number of votes cast for, against or withheld, as well as the number of abstentions.

Description of Matter		For	Against	Withheld	Abstentions
1.	Election of Class II Directors:				
	Peter R. Huntsman	209,934,670	N/A	2,048,499	N/A
	Wayne A. Reaud	208,523,481	N/A	3,459,688	N/A
	Alvin V. Shoemaker	208,236,671	N/A	3,746,498	N/A
2.	Ratification of the appointment of Deloitte & Touche LLP as independent registered public accounting firm for 2009	208,901,785	2,920,827	N/A	160,557
3.	Approval of the amendment and restatement of the Huntsman Stock Incentive Plan to, among other things, increase the number of shares reserved for issuance under the plan by 11,000,000 shares and maintain the plan's compliance wth Section 162(m) of the Internal Revenue Code of 1986, as amended	141,129,941	14,496,320	N/A	3,214,137

N/A Not applicable

EXECUTIVE OFFICERS OF THE REGISTRANT

The following is information concerning our executive officers and significant employees as of the date of this report.

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Jon M. Huntsman, age 73, is the Executive Chairman of the Board of Directors of our Company. Prior to appointment as Executive Chairman effective February 2009, Mr. Huntsman served as Chairman of the Board of Directors of our Company, a position he had held since our Company was formed. Mr. Huntsman also serves on our Litigation Committee. He has been Chairman of the Board of all Huntsman companies since he founded his first plastics company in 1970. Mr. Huntsman served as Chief Executive Officer of our Company and our affiliated companies from 1970 to 2000. Mr. Huntsman is a director or manager, as applicable, of Huntsman International and certain of our other subsidiaries. In addition, Mr. Huntsman serves or has served as Chairman or as a member of numerous corporate, philanthropic and industry boards, including the American Red Cross, The Wharton School, University of Pennsylvania, Primary Children's Medical Center Foundation, the Chemical Manufacturers Association and the American Plastics Council. Mr. Huntsman was selected in 1994 as the chemical industry's top CEO for all businesses in Europe and North America. Mr. Huntsman formerly served as Special Assistant to the President of the United States and as Vice Chairman of the U.S. Chamber of Commerce. He is the Chairman and Founder of the Huntsman Cancer Institute.

Peter R. Huntsman, age 46, is President, Chief Executive Officer and a Director of our Company. Mr. Huntsman also serves on our Litigation Committee. Prior to his appointment in July 2000 as Chief Executive Officer, Mr. Huntsman had served as President and Chief Operating Officer since 1994. In 1987, Mr. Huntsman joined Huntsman Polypropylene Corporation as Vice President before serving as Senior Vice President and General Manager. Mr. Huntsman has also served as President of Olympus Oil, as Senior Vice President of Huntsman Chemical Corporation and as a Senior Vice President of Huntsman Packaging Corporation, a former subsidiary of our Company. Mr. Huntsman is a director or manager, as applicable, of Huntsman International and certain of our other subsidiaries.

J. Kimo Esplin, age 47, is Executive Vice President and Chief Financial Officer. Mr. Esplin has served as Chief Financial Officer of all of the Huntsman companies since 1999. From 1994 to 1999, Mr. Esplin served as our Treasurer. Prior to joining Huntsman in 1994, Mr. Esplin was a Vice President in the Investment Banking Division of Bankers Trust Company, where he worked for seven years. Mr. Esplin also serves as a director of Nutraceutical International Corporation, a publicly traded nutrition supplements company.

James R. Moore, age 65, is Executive Vice President and General Counsel and Secretary. Prior to his appointment to this position in January 2010, Mr. Moore served as our Vice President and Deputy General Counsel since 2003. Prior to that, Mr. Moore served as Vice President and Chief Environmental Counsel from 2002 to 2003 and Senior Environmental Counsel from 1998 to 2002. From 1989 until joining our Company in 1998, Mr. Moore was a partner at the Seattle law firm of Perkins Coie. Mr. Moore also previously served as a trial attorney with the U.S. Department of Justice, an assistant U.S. Attorney and Regional Counsel, Region 10, of the U.S. Environmental Protection Agency.

Daniele Ferrari, age 48, is Division President, Performance Products. Mr. Ferrari was appointed to this position in June 2009. Prior to this appointment, Mr. Ferrari served as Vice President, Performance Products EMEA from 2003 to June 2009. He also served as European Business Director, Performance Products Intermediates and Managing Director, Huntsman Surface Sciences Italy from 2001 to 2003 and Business Manager, Polyurethanes Intermediates from 1997 to 2001. Prior to joining Huntsman in 1997, Mr. Ferrari worked for ICI and Agip Petroli (Eni group).

Andre Genton, age 50, is Division President, Advanced Materials. Prior to his appointment to this position in February 2009, Mr. Genton served as Vice President & Global Operating Officer for our Advanced Materials business since November 2006. From January 2005 to November 2006, he served as Vice President Design & Composites Engineering for our Advanced Materials business. From June 2003 to January 2005 he served as Vice President Global Structural Composites for our Advanced

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Materials business. Prior to joining Huntsman in 2003, Mr. Genton held a variety of positions with Vantico (formerly a part of Ciba).

Anthony P. Hankins, age 52, is Division President, Polyurethanes. Mr. Hankins was appointed to this position in March 2004. From May 2003 to February 2004, Mr. Hankins served as President, Performance Products, from January 2002 to April 2003, he served as Global Vice President, Rigids Division for our Polyurethanes business, from October 2000 to December 2001, he served as Vice President Americas for our Polyurethanes business, and from March 1998 to September 2000, he served as Vice President Asia Pacific for our Polyurethanes business. Mr. Hankins worked for ICI from 1980 to February 1998, when he joined our Company. At ICI, Mr. Hankins held numerous management positions in the plastics, fibers and polyurethanes businesses. He has extensive international experience, having held senior management positions in Europe, Asia and the U.S.

Paul G. Hulme, age 53, is Division President, Textile Effects. Mr. Hulme was appointed to this position in February 2009. From June 2003 to February 2009, Mr. Hulme served as Division President, Materials and Effects. From February 2000 to May 2003, Mr. Hulme served as Vice President, Performance Chemicals, and from December 1999 to February 2000 he served as Operations Director, Polyurethanes. Prior to joining Huntsman in 1999, Mr. Hulme held various positions with ICI in finance, accounting and information systems roles. Mr. Hulme is a Chartered Accountant.

Simon Turner, age 46, is Division President, Pigments. Prior to his appointment to this position in November 2008, Mr. Turner served as Senior Vice President, Pigments since April 2008. From September 2004 to April 2008 Mr. Turner served as Vice President of Global Sales and from July 1999 to September 2004, he held positions including General Manager Co-Products and Director Supply Chain and Shared Services. Prior to joining Huntsman in July 1999, Mr. Turner held various positions with ICI.

Ronald W. Gerrard, age 50, is Senior Vice President, Environmental, Health & Safety and Manufacturing Excellence. Mr. Gerrard was appointed to this position in June 2009. Prior to this appointment, Mr. Gerrard served as Vice President, Global Operations and Technology in our Polyurethanes business from May 2004 to June 2009. From 1999 to May 2004, Mr. Gerrard served as Vice President, Asia; Business Director, Flexible Foams; and Director, EHS and Engineering, also within our Polyurethanes business. Prior to joining Huntsman in 1999, Mr. Gerrard had worked for ICI and for EVC, a joint venture between ICI and Enichem. Mr. Gerrard is a Chartered Engineer.

Brian V. Ridd, age 52, is Senior Vice President, Purchasing. Mr. Ridd has held this position since July 2000. Mr. Ridd served as Vice President, Purchasing from December 1995 until he was appointed to his current position. Mr. Ridd joined Huntsman in 1984.

R. Wade Rogers, age 44, is Senior Vice President, Global Human Resources. Mr. Rogers has held this position since August 2009. From May 2004 to August 2009, Mr. Rogers served as Vice President, Global Human Resources, from October 2003 to May 2004, Mr. Rogers served as Director, Human Resources Americas and from August 2000 to October 2003, he served as Director, Human Resources for our Polymers and Base Chemicals businesses. From the time he joined Huntsman in 1994 to August 2000, Mr. Rogers served as Area Manager, Human Resources Jefferson County Operations. Prior to joining Huntsman, Mr. Rogers held a variety of positions with Texaco Chemical Company.

Russ R. Stolle, age 47, is Senior Vice President and Deputy General Counsel. Mr. Stolle was appointed to this position in January 2010. From October 2006 to January 2010, Mr. Stolle served as our Senior Vice President, Global Public Affairs and Communications, from November 2002 to October 2006, he served as Vice President and Deputy General Counsel, from October 2000 to November 2002 he served as Vice President and Chief Technology Counsel and from April 1994 to October 2000 he served as Chief Patent and Licensing Counsel. Prior to joining Huntsman in 1994, Mr. Stolle had been an attorney with Texaco Inc. and an associate with the law firm of Baker & Botts.

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L. Russell Healy, age 54, is Vice President and Controller. Mr. Healy has served in this capacity since April 2004. From August 2001 to April 2004, Mr. Healy served as Vice President, Finance, from July 1999 to July 2001, he served as Vice President and Finance Director for Huntsman International, and from October 1995 to June 1999, he served as Vice President, Tax. Prior to joining Huntsman in 1995, Mr. Healy was a partner with the accounting firm of Deloitte & Touche, LLP. Mr. Healy is a Certified Public Accountant and holds a master's degree in accounting.

Sean Douglas, age 45, is our Vice President, Corporate Development since December 2009. Mr. Douglas served as Vice President and Treasurer from 2002 to December 2009, Vice President, Finance from July 2001 to 2002 and Vice President, Administration from January 1997 to July 2001. Mr. Douglas is a Certified Public Accountant and, prior to joining Huntsman in 1990, worked for the accounting firm of Price Waterhouse.

Kevin C. Hardman, age 46, is Vice President, Tax. Mr. Hardman served as Chief Tax Officer from 1999 until he was appointed to his current position in 2002. Prior to joining Huntsman in 1999, Mr. Hardman was a tax Senior Manager with the accounting firm of Deloitte & Touche, LLP, where he worked for 10 years. Mr. Hardman is a Certified Public Accountant and holds a master's degree in tax accounting.

John R. Heskett, age 41, is Vice President, Treasury and Planning. Mr. Heskett has held this position since December 2009. From September 2008 until October 2009, Mr. Heskett served as a Vice President at Boart Longyear Limited, a publicly-listed exploration drilling services and products company. Mr. Heskett previously served as Vice President, Corporate Development and Investor Relations for our Company from August 2004 until September 2008 and was appointed Vice President, Corporate Development in 2002. Mr. Heskett also served as Assistant Treasurer for our Company and several of our subsidiaries. Prior to joining Huntsman in 1997, Mr. Heskett was Assistant Vice President and Relationship Manager for PNC Bank, N.A., where he worked for a number of years.

Steven C. Jorgensen, age 41, is Vice President of Internal Audit and Controls. Mr. Jorgensen was appointed to this position effective May 2007. Mr. Jorgensen joined Huntsman in May 2004 as Director of Internal Controls and in May 2005 was appointed as Director of Internal Audit and Controls. Prior to joining Huntsman, Mr. Jorgensen was Vice President and Audit Manager with General Electric Consumer Finance, and prior to that he was an audit Senior Manager with the accounting firm of Deloitte & Touche LLP. Mr. Jorgensen is a Certified Public Accountant and holds a masters degree in accounting.

Kurt D. Ogden, age 41, is Vice President, Investor Relations. Prior to his appointment to this position in February 2009, Mr. Ogden served as Director, Corporate Finance since October 2004. Prior to joining Huntsman in 2004, Mr. Ogden held various positions with Hillenbrand Industries, Pliant Corporation and Huntsman Chemical Corporation. Mr. Ogden is a Certified Public Accountant and holds a master's degree in business administration.

Maria Csiba-Womersley, age 52, is Vice President and Chief Information Officer. Ms. Csiba-Womersley was appointed to this position effective September 2006. Ms. Csiba-Womersley served as Global eBusiness Director from 2004 to 2006 and also served as our Director of Global IT Planning and Security. Previously, Ms. Csiba-Womersley was a Regional Polymer Sales Manager, a Business Director for Polypropylene and Director of Polymer Logistics. Ms. Csiba-Womersley joined Huntsman in 1997.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION AND HOLDERS

Our common stock is listed on the New York Stock Exchange under the symbol "HUN." As of February 11, 2010, there were approximately 180 stockholders of record and the closing price of our common stock on the New York Stock Exchange was $11.87 per share.

The reported high and low sale prices of our common stock on the New York Stock Exchange for each of the periods set forth below are as follows:

Period	High	Low
2009		
First Quarter	$ 3.82	$ 2.04
Second Quarter	7.30	3.06
Third Quarter	9.85	4.95
Fourth Quarter	11.57	7.68

Period	High	Low
2008		
First Quarter	$ 25.71	$ 22.35
Second Quarter	23.95	9.81
Third Quarter	14.48	7.01
Fourth Quarter	14.50	2.82

DIVIDENDS

The following tables represent dividends on common stock for our Company for the years ended December 31, (dollars in millions, except per share payment amounts):

2009			
Payment date	Record date	Per share payment amount	Total amount paid
March 31, 2009	March 16, 2009	$ 0.10	$ 24
June 30, 2009	June 15, 2009	0.10	24
September 30, 2009	September 15, 2009	0.10	24
December 31, 2009	December 15, 2009	0.10	24
Total			$ 96

2008			
Payment date	Record date	Per share payment amount	Total amount paid
March 31, 2008	March 14, 2008	$ 0.10	$ 23
June 30, 2008	June 16, 2008	0.10	23
September 30, 2008	September 15, 2008	0.10	23
December 31, 2008	December 15, 2008	0.10	24

Total	$	93

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2007			
Payment date	Record date	Per share payment amount	Total amount paid
March 30, 2007	March 15, 2007	$ 0.10	$ 22
June 29, 2007	June 15, 2007	0.10	22
September 28, 2007	September 14, 2007	0.10	22
December 31, 2007	December 14, 2007	0.10	22
Total			$ 88

On February 8, 2010, our board of directors declared a $0.10 per share cash dividend, payable on March 31, 2010, to stockholders of record as of March 15, 2010.

PURCHASES OF EQUITY SECURITIES BY THE COMPANY

The following table presents shares of restricted stock granted under our Stock Incentive Plan that we withheld upon vesting to satisfy our tax withholding obligations during the three months ended December 31, 2009. We have no publicly announced plans or programs to repurchase our common stock.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
October		$		
November				
December	79,799	11.49		
Total	79,799	$ 11.49		

STOCK PERFORMANCE GRAPH

Information relating to our stock performance graph will be contained in the definitive proxy statement for the annual meeting of our stockholders and is incorporated herein by reference.

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ITEM 6. SELECTED FINANCIAL DATA

The selected historical financial data set forth below presents our historical financial data and the historical financial data of our predecessor Huntsman Holdings, LLC as of and for the dates and periods indicated. You should read the selected financial data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our consolidated financial statements and accompanying notes.

Huntsman Corporation
(in millions, except per share amounts)

	Year ended December 31,				
	2009	**2008**	**2007**	**2006**	**2005**
Statements of Operations Data:					
Revenues	$ 7,763	$ 10,215	$ 9,651	$ 8,731	$ 8,446
Gross profit	1,068	1,264	1,540	1,422	1,413
Restructuring, impairment and plant closing costs	152	36	42	15	107
Operating (loss) income	(71)	165	537	645	554
Income (expenses) associated with the Terminated Merger and related litigation(a)	835	780	(210)		
Income (loss) from continuing operations	115	479	43	310	(129)
(Loss) income from discontinued operations, net of tax(b)	(9)	117	(217)	(133)	124
Extraordinary gain (loss) on the acquisition of a business, net of tax of nil(c)	6	14	(7)	56	
Cumulative effect of changes in accounting principle, net of tax(d)					(28)
Net income (loss)	112	610	(181)	233	(33)
Net income (loss) attributable to Huntsman Corporation	114	609	(172)	230	(35)
Basic income (loss) per common share(e):					
Income (loss) from continuing operations attributable to Huntsman Corporation common stockholders	$ 0.50	$ 2.06	$ 0.23	$ 1.39	$ (0.79)
(Loss) income from discontinued operations attributable to Huntsman Corporation common stockholders, net of tax(b)	(0.04)	0.50	(0.98)	(0.60)	0.57
Extraordinary gain (loss) on the acquisition of a business attributable to Huntsman Corporation common stockholders, net of tax(c)	0.03	0.06	(0.03)	0.25	
Cumulative effect of changes in accounting principle attributable to Huntsman Corporation common stockholders, net of tax(d)					(0.13)
Net income (loss) attributable to Huntsman Corporation common stockholders	$ 0.49	$ 2.62	$ (0.78)	$ 1.04	$ (0.35)

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	Year ended December 31,				
	2009	2008	2007	2006	2005
Diluted income (loss) per common share(e):					
Income (loss) from continuing operations attributable to Huntsman Corporation common stockholders	$ 0.49	$ 2.04	$ 0.22	$ 1.32	$ (0.79)
(Loss) income from discontinued operations attributable to Huntsman Corporation common stockholders, net of tax(b)	(0.04)	0.50	(0.93)	(0.57)	0.57
Extraordinary gain (loss) on the acquisition of a business attributable to Huntsman Corporation common stockholders, net of tax(c)	0.03	0.06	(0.03)	0.24	
Cumulative effect of changes in accounting principle attributable to Huntsman Corporation common stockholders, net of tax(d)					(0.13)
Net income (loss) attributable to Huntsman Corporation common stockholders	$ 0.48	$ 2.60	$ (0.74)	$ 0.99	$ (0.35)
Other Data:					
Depreciation and amortization	$ 442	$ 398	$ 413	$ 465	$ 501
Capital expenditures	189	418	665	550	339
Dividends per share	0.40	0.40	0.40		
Balance Sheet Data (at period end):					
Total assets	$ 8,626	$ 8,058	$ 8,166	$ 8,445	$ 8,871
Total debt	4,217	3,888	3,574	3,645	4,458
Total liabilities	6,761	6,426	6,313	6,679	7,330

(a) For information regarding income (expenses) associated with the Terminated Merger and related litigation, see "Note 26. Income (Expenses) Associated with the Terminated Merger and Related Litigation" to our consolidated financial statements.

(b) (Loss) income from discontinued operations represents the operating results, partial fire insurance settlement gains and loss on disposal of our former U.S. base chemicals business, our former North American polymers business, our former European base chemicals and polymers business and our former TDI business. The U.S. base chemicals business was sold on November 5, 2007, the North American polymers business was sold on August 1, 2007, the European base chemicals and polymers business was sold on December 29, 2006 and the TDI business was sold on July 6, 2005. See "Note 27. Discontinued Operations" and "Note 25. Casualty Losses and Insurance Recoveries" to our consolidated financial statements.

(c) The extraordinary gain (loss) on the acquisition of a business relates to the June 30, 2006 acquisition of our textile effects business. See "Note 3. Business Combinations Textile Effects Acquisition" to our consolidated financial statements.

(d) During the fourth quarter of 2005, we adopted new accounting guidance regarding conditional asset retirement obligations and recorded a charge for the cumulative effect of accounting change, net of tax, of $32 million. Also, in 2005, we accelerated the date for actuarial measurement of our pension and postretirement benefit obligations from December 31 to November 30. The effect of the change in measurement date resulted in a cumulative effect of accounting change credit, net of tax, of $4 million.

(e) All per share information has been restated to give effect to the shares issued in connection with the Reorganization Transaction and our initial public offering of common stock on February 16, 2005 and the shares issued in connection with the exchange of certain warrants (the "HMP Warrants") on March 14, 2005.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

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, epoxy-based polymer formulations, textile chemicals, dyes, maleic anhydride and titanium dioxide. Our administrative, research and development and manufacturing operations are primarily conducted at the facilities listed in "Item 2. Properties" above, which are located in 27 countries. We employed approximately 11,000 associates worldwide at December 31, 2009.

We operate in five segments: Polyurethanes, Advanced Materials, Textile Effects, Performance Products and Pigments. Our Polyurethanes, Advanced Materials, Textile Effects and Performance Products segments produce differentiated organic chemical products and our Pigments segment produces inorganic chemical products. In a series of transactions beginning in 2006, we have sold or shutdown substantially all of our Polymers and Base Chemicals operations. We report the results from our former Polymers and Base Chemicals businesses as discontinued operations. See "Note 27. Discontinued Operations" to our consolidated financial statements.

Growth in our Polyurethanes, Advanced Materials and Textile Effects segments has been driven by the continued substitution of our products for other materials across a broad range of applications, as well as by the level of global economic activity. Historically, demand for many of these products has grown at rates in excess of GDP growth. In Polyurethanes, this growth, particularly in Asia, has in recent years resulted in improved demand and higher industry capacity utilization rates for many of our key products, including MDI. However, new capacity combined with slower global demand has reduced capacity utilization in 2009. In January 2010, we idled our PO/MTBE production facility at Port Neches, Texas for turnaround and inspection. This planned shutdown is expected to last until the end of the first quarter of 2010 and we expect the reduced capacity to negatively impact results of our Polyurethanes segment during the first quarter. Timely startup of this facility is subject to construction and weather delays.

In our Performance Products segment, demand for our performance specialties has generally continued to grow at rates in excess of GDP as overall demand is significantly influenced by new product and application development. Demand for most of our performance intermediates has grown in line with GDP growth. Over time, demand for maleic anhydride has generally grown at rates that slightly exceed GDP growth. However, given its dependence on the UPR market, which is heavily influenced by construction end markets, maleic anhydride demand can be cyclical.

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

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For further information regarding sales price and demand trends, see "Results of Operations Segment Analysis Current Year vs. Prior Year Decrease" and "Results of Operations Segment Analysis Fourth Quarter 2009 vs. Third Quarter 2009 Increase (Decrease)" below.

OUTLOOK

Sales volumes decreased 6% for the year ended December 31, 2009 compared with 2008, but increased 13% in the fourth quarter of 2009 compared to the prior year. We are encouraged by recent trends in underlying demand. We expect demand in Asia to continue to be robust. Furthermore, we expect demand in the U.S. to recover in conjunction with the construction and automotive markets. We are uncertain as to demand recovery in certain of our markets in Europe. We expect that raw materials and energy costs could rise in the future but we expect to pass those costs increases on to our customers. However, in certain product lines it could take up to 90 to 120 days to do so. We will continue to make efforts to exercise operational discipline and maximize the manufacturing efficiency of our facilities. We also have a number of innovative products in our current portfolio and in development that address energy concerns that we expect to provide long term benefits.

RECENT DEVELOPMENTS

For a discussion of recent developments, see " Item 1. Business Recent Developments" above

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RESULTS OF OPERATIONS

For each of our Company and Huntsman International, the following tables set forth the condensed consolidated results of operations for the years ended December 31, 2009, 2008 and 2007 (dollars in millions):

Huntsman Corporation

	Year Ended December 31,			Percent Change	
	2009	2008	2007	2009 vs 2008	2008 vs 2007
Revenues	$ 7,763	$ 10,215	$ 9,651	(24)%	6%
Cost of goods sold	6,695	8,951	8,111	(25)%	10%
Gross profit	1,068	1,264	1,540	(16)%	(18)%
Operating expenses	987	1,063	961	(7)%	11%
Restructuring, impairment and plant closing costs	152	36	42	322%	(14)%
Operating (loss) income	(71)	165	537	NM	(69)%
Interest expense, net	(238)	(263)	(286)	(10)%	(8)%
Loss on accounts receivable securitization program	(23)	(27)	(21)	(15)%	29%
Equity in income of investment in unconsolidated affiliates	3	14	13	(79)%	8%
Loss on early extinguishment of debt	(21)	(1)	(2)	NM	(50)%
Income (expenses) associated with the Terminated Merger and related litigation	835	780	(210)	7%	NM
Other income		1		NM	NM
Income from continuing operations before income taxes	485	669	31	(28)%	NM
Income tax (expense) benefit	(370)	(190)	12	95%	NM
Income from continuing operations	115	479	43	(76)%	NM
(Loss) income from discontinued operations (including gain (loss) on disposal of $1 in 2009, $11 in 2008 and ($340) in 2007), net of tax	(9)	117	(217)	NM	NM
Extraordinary gain (loss) on the acquisition of a business, net tax of nil	6	14	(7)	(57)%	NM
Net income (loss)	112	610	(181)	(82)%	NM
Net loss (income) attributable to noncontrolling interests	2	(1)	9	NM	NM
Net income (loss) attributable to Huntsman Corporation	114	609	(172)	(81)%	NM
Interest expense, net	238	263	286	(10)%	(8)%
Income tax expense (benefit) from continuing operations	370	190	(12)	95%	NM
Income tax (benefit) expense from discontinued operations	(6)	69	(140)	NM	NM
Depreciation and amortization	442	398	413	11%	(4)%
EBITDA(1)	$ 1,158	$ 1,529	$ 375	(24)%	308%
Net cash provided by (used in) operating activities	$ 1,104	$ 767	$ (52)	44%	NM
Net cash (used in) provided by investing activities	(205)	(489)	200	(58)%	NM
Net cash provided by (used in) financing activities	184	230	(269)	(20)%	NM

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Huntsman International

	Year Ended December 31,			Percent Change	
	2009	2008	2007	2009 vs 2008	2008 vs 2007
Revenues	$ 7,763	$ 10,215	$ 9,651	(24)%	6%
Cost of goods sold	6,678	8,934	8,095	(25)%	10%
Gross profit	1,085	1,281	1,556	(15)%	(18)%
Operating expenses	976	1,062	961	(8)%	11%
Restructuring, impairment and plant closing costs	152	36	42	322%	(14)%
Operating (loss) income	(43)	183	553	NM	(67)%
Interest expense, net	(240)	(264)	(287)	(9)%	(8)%
Loss on accounts receivable securitization program	(23)	(27)	(21)	(15)%	29%
Equity in income of investment in unconsolidated affiliates	3	14	13	(79)%	8%
Loss on early extinguishment of debt	(21)	(1)	(3)	NM	(67)%
Other income		1		NM	NM
(Loss) income from continuing operations before income taxes	(324)	(94)	255	245%	NM
Income tax (expense) benefit	(85)	2	(41)	NM	NM
(Loss) income from continuing operations	(409)	(92)	214	345%	NM
(Loss) income from discontinued operations (including gain (loss) on disposal of $1 in 2009, $11 in 2008 and ($351) in 2007), net of tax	(9)	117	(228)	NM	NM
Extraordinary gain (loss) on the acquisition of a business, net of tax	6	14	(7)	(57)%	NM
Net (loss) income	(412)	39	(21)	NM	NM
Net loss (income) attributable to noncontrolling interests	2	(1)	9	NM	NM
Net (loss) income attributable to Huntsman International LLC	(410)	38	(12)	NM	NM
Interest expense, net	240	264	287	(9)%	(8)%
Income tax expense (benefit) from continuing operations	85	(2)	41	NM	NM
Income tax (benefit) expense from discontinued operations	(6)	69	(140)	NM	NM
Depreciation and amortization	420	374	391	12%	(4)%
EBITDA(1)	$ 329	$ 743	$ 567	(56)%	31%
Net cash provided by operating activities	$ 420	$ 39	$ 57	977%	(32)%
Net cash (used in) provided by investing activities	(212)	(314)	8	(32)%	NM
Net cash provided by (used in) financing activities	619	213	(169)	191%	NM

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For each of our Company and Huntsman International, the following tables set forth certain items of income (expense) included in EBITDA (dollars in millions):

Huntsman Corporation

	Year ended December 31,		
	2009	2008	2007
Foreign exchange gains (losses) unallocated	$ 16	$ (31)	$ (12)
Loss on early extinguishment of debt	(21)	(1)	(2)
Loss on accounts receivable securitization program	(23)	(27)	(21)
Legal and contract settlement expense, net			(6)
Amounts included in discontinued operations	(15)	186	(324)
Gain on sale of businesses/assets, net	1	1	73
Income (expenses) associated with the Terminated Merger and related litigation	835	780	(210)
Extraordinary gain (loss) on the acquisition of a business	6	14	(7)
Restructuring, impairment and plant closing costs:			
Polyurethanes	(2)		
Advanced Materials	(13)	(1)	(1)
Textile Effects	(6)	(24)	(24)
Performance Products		(1)	(1)
Pigments	(53)	(4)	(3)
Corporate and Other	(78)	(6)	(13)
Total restructuring, impairment and plant closing costs	(152)	(36)	(42)
Total	$ 647	$ 886	$ (551)

Huntsman International

	Year ended December 31,		
	2009	2008	2007
Foreign exchange gains (losses) unallocated	$ 16	$ (31)	$ (12)
Loss on early extinguishment of debt	(21)	(1)	(3)
Loss on accounts receivable securitization program	(23)	(27)	(21)
Legal and contract settlement expense, net			(6)
Amounts included in discontinued operations	(15)	186	(335)

Gain on sale of businesses/assets, net	1	1	73
Extraordinary gain (loss) on the acquisition of a business	6	14	(7)
Restructuring, impairment and plant closing costs:			
Polyurethanes	(2)		
Advanced Materials	(13)	(1)	(1)
Textile Effects	(6)	(24)	(24)
Performance Products		(1)	(1)
Pigments	(53)	(4)	(3)
Corporate and Other	(78)	(6)	(13)
Total restructuring, impairment and plant closing costs:	(152)	(36)	(42)
Total	$ (188)	$ 106	$ (353)

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.

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We believe that EBITDA enhances an investor's understanding of our financial performance and our ability to satisfy principal and interest obligations with respect to our indebtedness. However, EBITDA should not be considered in isolation or viewed as a substitute for net income attributable to Huntsman Corporation or Huntsman International LLC, as appropriate, cash flow from operations or other measures of performance as defined by GAAP. Moreover, EBITDA as used herein is not necessarily comparable to other similarly titled measures of other companies due to potential inconsistencies in the method of calculation. Our management uses EBITDA to assess financial performance and debt service capabilities. In assessing financial performance, our management reviews EBITDA as a general indicator of economic performance compared to prior periods. Because EBITDA excludes interest, income taxes, depreciation and amortization, EBITDA provides an indicator of general economic performance that is not affected by debt restructurings, fluctuations in interest rates or effective tax rates, or levels of depreciation and amortization. Accordingly, our management believes this type of measurement is useful for comparing general operating performance from period to period and making certain related management decisions. EBITDA is also used by securities analysts, lenders and others in their evaluation of different companies because it excludes certain items that can vary widely across different industries or among companies within the same industry. For example, interest expense can be highly dependent on a company's capital structure, debt levels and credit ratings. Therefore, the impact of interest expense on earnings can vary significantly among companies. In addition, the tax positions of companies can vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the various jurisdictions in which they operate. As a result, effective tax rates and tax expense can vary considerably among companies. Finally, companies employ productive assets of different ages and utilize different methods of acquiring and depreciating such assets. This can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies. Our management also believes that our investors use EBITDA as a measure of our ability to service indebtedness as well as to fund capital expenditures and working capital requirements. Nevertheless, our management recognizes that there are material limitations associated with the use of EBITDA in the evaluation of our Company as compared to net income 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 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.

We believe that net income (loss) attributable to Huntsman Corporation or Huntsman International LLC, as appropriate, is the performance measure calculated and presented in accordance with GAAP that is most directly comparable to EBITDA and that cash provided by

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operating activities is the liquidity measure calculated and presented in accordance with GAAP that is most directly comparable to EBITDA. For each of our Company and Huntsman International, the following tables reconcile EBITDA to net income (loss) attributable to Huntsman Corporation or Huntsman International LLC, as appropriate, and to net cash provided by (used in) operations (dollars in millions):

Huntsman Corporation

	Year Ended December 31,			Percent change	
	2009	2008	2007	2009 vs 2008	2008 vs 2007
EBITDA(1)	$ 1,158	$ 1,529	$ 375	(24)%	308%
Depreciation and amortization	(442)	(398)	(413)	11%	(4)%
Interest expense, net	(238)	(263)	(286)	(10)%	(8)%
Income tax (expense) benefit from continuing operations	(370)	(190)	12	95%	NM
Income tax benefit (expense) from discontinued operations	6	(69)	140	NM	NM
Net income (loss) attributable to Huntsman Corporation	114	609	(172)	(81)%	NM
Net (loss) income attributable to noncontrolling interests	(2)	1	(9)	NM	NM
Net income (loss)	112	610	(181)	(82)%	NM
Extraordinary (gain) loss on the acquisition of a business, net of tax	(6)	(14)	7	(57)%	NM
Equity in income of investment in unconsolidated affiliates	(3)	(14)	(13)	(79)%	8%
Depreciation and amortization	442	398	413	11%	(4)%
(Gain) loss on disposal of businesses/assets, net	(2)	6	269	NM	(98)%
Noncash restructuring, impairment and plant closing costs	13	7	15	86%	(53)%
Loss on early extinguishment of debt	21	1	2	NM	(50)%
Noncash interest expense	22	2	5	NM	(60)%
Deferred income taxes	231	202	(203)	14%	NM
Net unrealized (gain) loss on foreign currency transactions	(26)	4	(9)	NM	NM
Noncash gain on partial fire insurance settlement		(135)		NM	NM
Other, net	41	40	28	3%	43%
Changes in operating assets and liabilities	259	(340)	(385)	NM	(12)%
Net cash provided by (used in) operating activities	$ 1,104	$ 767	$ (52)	44%	NM

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Huntsman International

	Year Ended December 31,			Percent change	
	2009	2008	2007	2009 vs 2008	2008 vs 2007
EBITDA(1)	$ 329	$ 743	$ 567	(56)%	31%
Depreciation and amortization	(420)	(374)	(391)	12%	(4)%
Interest expense, net	(240)	(264)	(287)	(9)%	(8)%
Income tax benefit (expense) from continuing operations	(85)	2	(41)	NM	NM
Income tax benefit (expense) from discontinued operations	6	(69)	140	NM	NM
Net (loss) income attributable to Huntsman International LLC	(410)	38	(12)	NM	NM
Net (loss) income attributable to noncontrolling interests	(2)	1	(9)	NM	NM
Net (loss) income	(412)	39	(21)	NM	NM
Extraordinary (gain) loss on the acquisition of a business, net of tax	(6)	(14)	7	(57)%	NM
Equity in income of investment in unconsolidated affiliates	(3)	(14)	(13)	(79)%	8%
Depreciation and amortization	420	374	391	12%	(4)%
(Gain) loss on disposal of businesses/assets, net	(2)	6	269	NM	(98)%
Noncash restructuring, impairment and plant closing costs	13	7	15	86%	(53)%
Loss on early extinguishment of debt	21	1	3	NM	(67)%
Noncash interest expense	39	2	5	NM	(60)%
Deferred income taxes	68	26	(150)	162%	NM
Net unrealized (gain) loss on foreign currency transactions	(26)	4	(9)	NM	NM
Noncash gain on partial fire insurance settlement		(135)		NM	NM
Other, net	37	41	28	(10)%	46%
Changes in operating assets and liabilities	271	(298)	(468)	NM	(36)%
Net cash provided by operating activities	$ 420	$ 39	$ 57	977%	(32)%

NM Not Meaningful

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Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

For the year ended December 31, 2009, net income attributable to Huntsman Corporation was $114 million on revenues of $7.8 billion compared with a net income attributable to Huntsman Corporation of $609 million on revenues of $10.2 billion for 2008. For the year ended December 31, 2009, the net loss attributable to Huntsman International LLC was $410 million on revenues of $7.8 billion compared with net income attributable to Huntsman International LLC of $38 million on revenues of $10.2 billion for 2008. The decrease of $495 million in net income attributable to Huntsman Corporation and the increase of $448 million in net loss attributable to Huntsman International LLC was the result of the following:

Revenues for the year ended December 31, 2009 decreased by $2,452 million, or 24%, as compared with 2008 due principally to lower average selling prices and sales volumes in all of our segments. See " Segment Analysis" below.

Our gross profit and the gross profit of Huntsman International for the year ended December 31, 2009 decreased by $196 million each, or 16% and 15%, respectively, as compared with 2008. Lower gross profit in our Advanced Materials, Textile Effects, Performance Products and Pigments segments was offset somewhat by higher gross profit in our Polyurethanes segment. See " Segment Analysis" below.

Our operating expenses and the operating expenses of Huntsman International for the year ended December 31, 2009 decreased by $76 million and $86 million, or 7% and 8%, respectively, as compared with 2008. Operating expenses decreased by $40 million due to the impact of translating foreign currency amounts to the U.S. dollar as the U.S. dollar strengthened versus other relevant currencies. Also contributing to lower operating expenses was a $25 million increase in foreign exchange gains ($13 million of gains in 2009 as compared with $12 million of losses in 2008) and cost reduction efforts in response to the worldwide economic slowdown.

Restructuring, impairment and plant closing costs for the year ended December 31, 2009 increased to $152 million from $36 million in 2008. For more information concerning restructuring activities, see "Note 10. Restructuring, Impairment and Plant Closing Costs" to our consolidated financial statements.

Our net interest expense and the net interest expense of Huntsman International for the year ended December 31, 2009 decreased by $25 million and $24 million or 10% and 9%, respectively, as compared with 2008. This decrease was primarily due to lower average interest rates.

Income associated with the Terminated Merger and related litigation for the year ended December 31, 2009 consisted primarily of an $868 million gain related to the Texas Bank Litigation Settlement Agreement, offset in part by litigation-related professional fees and employee retention bonuses of $33 million. Income associated with the Terminated Merger and related litigation for the year ended December 31, 2008 consisted primarily of $765 million related to the net proceeds from the Apollo Settlement Agreement and the recognition of the $100 million deferred credit related to the 2007 reimbursement of the $200 million termination fee paid to Basell pursuant to the Basell Merger Agreement (the "Basell Termination Fee"), offset in part by Merger-related directors, legal and professional fees. See "Note 26. Income (Expenses) Associated with the Terminated Merger and Related Litigation" to our consolidated financial statements.

During the year ended December 31, 2009, we recorded a loss on early extinguishment of debt of $21 million related primarily to 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 regarding these redemptions, see "Note 13. Debt Secured Notes," and "Note 13. Debt Senior Notes" to our consolidated financial statements.

Our income tax expense increased by $180 million to an expense of $370 million for the year ended December 31, 2009 as compared with an expense of $190 million for 2008. Huntsman International's income tax expense increased by $87 million to an expense of $85 million for the year ended December 31, 2009 as compared with a benefit of $2 million for 2008. Our and Huntsman International's tax obligations are affected by the mix of income and losses in the tax jurisdictions in which we operate. Our tax expense increased largely due to income recognized pursuant to the Apollo Settlement Agreement in connection with the Merger and current year tax expense associated with the establishment of valuation allowances of $149 million, primarily in the U.K., partially offset by a tax benefit of $73 million related to the worthless stock deduction for the investment in the Australia styrenics business and a tax benefit of $38 million related to recognizing a tax benefit for operating losses in certain jurisdictions with valuation allowances and current other comprehensive income. Huntsman International's tax expense increased largely due to the establishment of valuation allowances of $159 million, primarily in the U.K., partially offset by the tax benefit related to the worthless stock deduction for the investment in the Australia styrenics business and a tax benefit of $39 million related to recognizing a tax benefit for operating losses in certain jurisdictions with valuation allowances and current other comprehensive income. For further information concerning taxes, see "Note 18. Income Taxes" to our consolidated financial statements.

During the year ended December 31, 2009, we recorded an after tax loss from discontinued operations of $9 million related primarily to legal costs incurred in connection with the ongoing arbitration of the fire insurance claim on our former Port Arthur, Texas olefins manufacturing plant and the settlement of product exchange liabilities. During the year ended December 31, 2008, we recorded after tax income from discontinued operations of $117 million related principally to a $175 million gain on partial fire insurance settlement and to sales and use tax settlements and post-closing adjustments associated with our former base chemicals and polymers businesses. See "Note 27. Discontinued Operations" and "Note 25. Casualty Losses and Insurance Recoveries" to our consolidated financial statements.

During the years ended December 31, 2009 and 2008, we recorded an extraordinary gain on the acquisition of a business, net of tax, of $6 million and $14 million, respectively, related primarily to the reversal of accruals for certain employee termination costs recorded in connection with the Textile Effects Acquisition that were no longer deemed necessary and a reimbursement by Ciba of certain costs pursuant to the acquisition agreements. See "Note 3. Business Combinations" to our consolidated financial statements.

Segment Analysis

During the first quarter of 2009, we reorganized our operating segments to divide our former Materials and Effects segment into two different segments our Advanced Materials segment and our Textile Effects segment. All segment information in this report has been restated to reflect this change.

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Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

The following table sets forth the revenues and EBITDA for each of our operating segments (dollars in millions):

	Year ended December 31, 2009	Year ended December 31, 2008	Percent Change
Revenues			
Polyurethanes	$ 3,005	$ 4,055	(26)%
Advanced Materials	1,059	1,492	(29)%
Textile Effects	691	903	(23)%
Performance Products	2,090	2,703	(23)%
Pigments	960	1,072	(10)%
Corporate and Other	99	159	(38)%
Eliminations	(141)	(169)	(17)%
Total	$ 7,763	$ 10,215	(24)%
Huntsman Corporation Segment EBITDA			
Polyurethanes	$ 384	$ 382	1%
Advanced Materials	59	149	(60)%
Textile Effects	(64)	(33)	94%
Performance Products	260	278	(6)%
Pigments	(24)	17	NM
Corporate and Other	558	550	1%
Subtotal	1,173	1,343	(13)%
Discontinued Operations	(15)	186	NM
Total	$ 1,158	$ 1,529	(24)%
Huntsman International Segment EBITDA			
Polyurethanes	$ 384	$ 382	1%
Advanced Materials	59	149	(60)%
Textile Effects	(64)	(33)	94%
Performance Products	260	278	(6)%
Pigments	(24)	17	NM
Corporate and Other	(271)	(236)	15%
Subotal	344	557	(38)%
Discontinued Operations	(15)	186	NM
Total	$ 329	$ 743	(56)%

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	Average Selling Price	Sales Volumes
Current Year vs. Prior Year Decrease		
Polyurethanes(1)	(22)%	(5)%
Advanced Materials	(6)%	(25)%
Textile Effects(1)	(5)%	(20)%
Performance Products(1)	(21)%	(3)%
Pigments(1)	(5)%	(6)%
Fourth Quarter 2009 vs. Third Quarter 2009 Increase (Decrease)		
Polyurethanes(1)	9%	(11)%
Advanced Materials	3%	(2)%
Textile Effects(1)	2%	7%
Performance Products(1)	5%	1%
Pigments(1)	6%	(12)%

(1) Excludes revenues and sales volumes from tolling arrangements and bi-products.

NM Not Meaningful

Polyurethanes

The decrease in revenues in our Polyurethanes segment for the year ended December 31, 2009 as compared to 2008 was primarily due to overall lower average selling prices and lower MDI sales volumes. Average MDI selling prices decreased primarily due to competitive pressures, lower raw material costs and the effects of the movement of the U.S. dollar against the Euro. MDI sales volumes decreased due to lower demand in major European and Americas markets as a result of the worldwide economic slowdown. MTBE sales volumes increased relative to 2008, which was impacted by the 2008 U.S. Gulf Coast storms, while average selling prices decreased in response to lower raw material costs. The slight increase in EBITDA in the Polyurethanes segment was primarily the result of higher MTBE sales volumes and margins as well as the negative effects in 2008 from the U.S. Gulf Coast storms which were offset somewhat by lower MDI sales volumes and margins.

Advanced Materials

The decrease in revenues in our Advanced Materials segment for the year ended December 31, 2009 compared to 2008 was due to lower sales volumes and lower average selling prices. Sales volumes decreased across all regions as a result of the worldwide economic slowdown. In addition, customers in our formulations and specialty components businesses depleted inventory over several quarters. Average selling prices in our base resins business decreased in response to lower raw material costs while average selling prices in our formulations and specialty components markets decreased as a result of changes in product mix, competitive pressures in our structural components for the ski, automotive and wind generation businesses, and the strength of the U.S. dollar against major European currencies. The decrease in EBITDA was primarily due to lower sales volumes and higher restructuring costs, partially offset by lower raw material and operating costs. During the years ended December 31, 2009 and 2008, our Advanced Materials segment recorded restructuring and plant closing charges of $13 million and $1 million, respectively. For more information concerning restructuring activities, see "Note 10. Restructuring, Impairment and Plant Closing Costs" to our consolidated financial statements.

Textile Effects

The decrease in revenues in our Textile Effects segment for the year ended December 31, 2009 compared to 2008 was due to lower sales volumes and lower average selling prices. Sales volumes

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decreased primarily due to lower demand for apparel and home textile products in all regions, as well as specialty textiles products in the Americas and Europe as a result of the worldwide economic slowdown. Average selling prices decreased primarily as a result of a shift in sales mix from Europe to Asia and the Middle East. The decrease in EBITDA was primarily due to lower sales volumes and lower contribution margins as selling prices decreased more than the reduction in raw material and energy costs, offset in part by lower selling, general and administrative costs and lower restructuring costs. During the years ended December 31, 2009 and 2008, our Textile Effects segment recorded restructuring and plant closing charges of $6 million and $24 million, respectively. For more information concerning restructuring activities, see "Note 10. Restructuring, Impairment and Plant Closing Costs" to our consolidated financial statements.

Performance Products

For the year ended December 31, 2009, Performance Products segment revenues decreased due to lower sales volumes and lower selling prices when compared to 2008. Sales volumes decreased primarily from lower demand for almost all product lines as a result of the worldwide economic slowdown. The decrease in average selling prices was driven principally by lower raw material costs and the strengthening of the U.S. dollar against major European currencies and the Australian dollar. Performance Products segment EBITDA decreased mainly due to the fall in sales volumes and lower equity income partially offset by higher contribution margins as average selling prices fell more slowly than raw material and energy costs.

Pigments

The decrease in revenues in our Pigments segment for the year ended December 31, 2009 compared to 2008 was due to lower sales volumes and lower average selling prices. Sales volumes decreased primarily due to lower demand in Europe, North America and Asia as a result of the worldwide economic slowdown. Average selling prices decreased primarily as a result of the strength of the U.S. dollar against major European currencies, and due to lower average selling prices in Europe, Africa, Latin America and the Middle East in response to weaker demand, partially offset by higher average selling prices in Asia and North America. The decrease in EBITDA in our Pigments segment was primarily due to higher restructuring, impairment and plant closing costs as the impact of lower sales volumes and average selling prices was offset by lower raw materials and operating costs. During the years ended December 31, 2009 and 2008, our Pigments segment recorded restructuring, impairment and plant closing charges of $53 million and $4 million, respectively. For more information concerning restructuring activities, see "Note 10. Restructuring, Impairment and Plant Closing Costs" to our consolidated financial statements.

Corporate and Other Huntsman Corporation

Corporate and Other includes the results of our Australian styrenics business, unallocated foreign exchange gains and losses, unallocated corporate overhead, loss on accounts receivable securitization program, loss on the 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, extraordinary gain on the acquisition of a business and non-operating income and expense. For the year ended December 31, 2009, EBITDA from Corporate and Other items increased by $8 million to income of $558 million from income of $550 million for 2008. The increase in EBITDA from Corporate and Other for the year ended December 31, 2009 resulted primarily from a $55 million increase in income associated with the Terminated Merger and related litigation ($835 million in 2009 compared to $780 million in 2008). See "Note 26. Income (Expenses) Associated with the Terminated Merger and Related Litigation" to our consolidated financial statements. Additionally, the increase in EBITDA was due to a $47 million

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increase in unallocated foreign exchange gains ($16 million of gains in 2009 versus $31 million of losses in 2008), a $3 million decrease in net income attributable to noncontrolling interests, and a $4 million reduction in costs associated with our A/R Program ($23 million of costs in 2009 versus $27 million of costs in 2008). These increases to EBITDA were partially offset by higher restructuring charges of $72 million ($78 million in 2009 versus $6 million in 2008) primarily related to the announced closure of our styrenics operations at West Footscray, Australia. For more information concerning restructuring activities, see "Note 10. Restructuring, Impairment and Plant Closing Costs" to our consolidated financial statements. Additionally, EBITDA decreased due to a $20 million increase in costs associated with the early extinguishment of debt ($21 million loss in 2009 compared to $1 million loss in 2008) and an $8 million decrease in the extraordinary gain on the Textile Effects Acquisition ($6 million gain in 2009 compared to $14 million gain in 2008). For more information regarding the extraordinary gain associated with the Textile Effects Acquisition, see "Note 3. Business Combinations Textile Effects Acquisition" to our consolidated financial statements.

Corporate and Other Huntsman International

Corporate and Other includes the results of our Australian styrenics business, unallocated foreign exchange gains and losses, unallocated corporate overhead, loss on accounts receivable securitization program, loss on the early extinguishment of debt, net income (loss) attributable to noncontrolling interests, unallocated restructuring, impairment and plant closing costs, extraordinary gain on the acquisition of a business and non-operating income and expense. For the year ended December 31, 2009, EBITDA from Corporate and Other items decreased by $35 million to a loss of $271 million from a loss of $236 million for 2008. The decrease in EBITDA primarily resulted from higher restructuring charges of $72 million ($78 million in 2009 versus $6 million in 2008) primarily related to the announced closure of our styrenics operations at West Footscray, Australia. For more information concerning restructuring activities, see "Note 10. Restructuring, Impairment and Plant Closing Costs" to our consolidated financial statements. Additionally, EBITDA decreased due to a $20 million increase in costs associated with the early extinguishment of debt ($21 million loss in 2009 compared to $1 million loss in 2008) and an $8 million decrease in the extraordinary gain on the Textile Effects Acquisition ($6 million gain in 2009 compared to $14 million gain in 2008). For more information regarding the extraordinary gain associated with the Textile Effects Acquisition, see "Note 3. Business Combinations Textile Effects Acquisition" to our consolidated financial statements. These decreases in EBITDA were partially offset by higher EBITDA resulting from a $47 million increase in unallocated foreign exchange gains ($16 million of gains in 2009 versus $31 million of losses in 2008), a $3 million decrease in net income attributable to noncontrolling interests, and a $4 million reduction in costs associated with our A/R Program ($23 million of costs in 2009 versus $27 million of costs in 2008).

Discontinued Operations

The operating results of our former polymers and base chemicals businesses are classified as discontinued operations, and, accordingly, the revenues of these businesses are excluded from revenues for all periods presented. The EBITDA of our polymers and base chemicals businesses are included in discontinued operations for all periods presented.

During the year ended December 31, 2009, we recorded an after tax loss from discontinued operations of $9 million related primarily to legal costs in connection with the fire insurance claim on our former base chemicals business and the revaluation of product exchange liabilities. During the year ended December 31, 2008, we recorded after tax income from discontinued operations of $117 million related principally to a $175 million gain on partial fire insurance settlement and to sales and use tax settlements and post-closing adjustments associated with our former base chemicals and polymers businesses. See "Note 27. Discontinued Operations" and "Note 25. Casualty Losses and Insurance Recoveries" to our consolidated financial statements.

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Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

For the year ended December 31, 2008, net income attributable to Huntsman Corporation was $609 million on revenues of $10.2 billion, compared with a net loss attributable to Huntsman Corporation of $172 million on revenues of $9.7 billion for 2007. For the year ended December 31, 2008 net income attributable to Huntsman International LLC was $38 million on revenues of $10.2 billion compared with a net loss attributable to Huntsman International LLC of $12 million on revenues of $9.7 billion for 2007. The increase of $781 million in net income attributable to Huntsman Corporation and the increase of $50 million in net income attributable to Huntsman International LLC was the result of the following:

- Revenues for the year ended December 31, 2008 increased by $564 million or 6% as compared with 2007 due principally to higher average selling prices in all our segments, partially offset by lower sales volumes in all of our segments. See " Segment Analysis" below.

- Our gross profit and the gross profit of Huntsman International for the year ended December 31, 2008 decreased by $276 million and $275 million, respectively, or 18% each, as compared with 2007. Lower gross profit in our Polyurethanes, Advanced Materials, Textile Effects and Pigments segments was somewhat offset by higher gross profit in our Performance Products segment. See " Segment Analysis" below.

- Our operating expenses and the operating expenses of Huntsman International for the year ended December 31, 2008 increased by $102 million and $101 million, respectively, or 11% each, as compared with 2007. The increase resulted primarily from a $69 million gain recorded in 2007 in connection with the sale of our former U.S. butadiene and MTBE business and lower insurance recoveries of $11 million. Also contributing to the increase in operating expenses were a $9 million increase in research and development costs and higher overall selling, general and administrative costs, which largely resulted from the weakening of the U.S. dollar.

- Restructuring, impairment and plant closing costs for the year ended December 31, 2008 decreased to $36 million from $42 million in 2007. For more information concerning restructuring activities, see "Note 10. Restructuring, Impairment and Plant Closing Costs" to our consolidated financial statements.

- Our net interest expense and the net interest expense of Huntsman International for the year ended December 31, 2008 decreased $23 million each, or 8% each, as compared with 2007. This decrease was primarily due to lower average interest rates on borrowings.

- Income (expenses) associated with the Terminated Merger and related litigation for the year ended December 31, 2008 consisted primarily of $765 million related to the net proceeds from the Apollo Settlement Agreement and recognition of the $100 million deferred credit related to the 2007 reimbursement of the $200 million Basell Termination Fee, offset in part by Merger-related directors, legal and professional fees. For the year ended December 31, 2007, the expenses consisted primarily of Merger-related legal fees and the Basell Termination Fee. For more information, see "Note 26. Income (Expenses) Associated with the Terminated Merger and Related Litigation" to our consolidated financial statements.

- Our income tax expense increased by $202 million to an expense of $190 million for the year ended December 31, 2008 as compared with a benefit of $12 million for 2007. Huntsman International's income tax expense decreased by $43 million to a benefit of $2 million for the year ended December 31, 2008 as compared with an expense of $41 million for 2007. Our and Huntsman International's tax obligations are affected by the mix of income and losses in the tax jurisdictions in which we operate. Our income tax expense increased largely due to income recognized pursuant to the Apollo Settlement Agreement in connection with the Terminated Merger (including the realization of expenditures considered non-deductible in prior periods),

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current year tax expense associated with the establishment of valuation allowances compared with prior year benefits associated with the release of valuation allowances partially offset by current year tax benefits from reducing tax contingencies related to the settlement of tax audits. Huntsman International's income tax expense decreased largely due to the decrease in pre-tax earnings, net of the valuation allowance and tax contingencies effects described above. For further information concerning taxes, see "Note 18. Income Taxes" to our consolidated financial statements.

The income (loss) from discontinued operations represents the operating results, partial fire insurance settlement gains, and impairment and gain (loss) on disposal with respect to each of our U.S. base chemicals business, our North American polymers business, our European base chemicals and polymers business and our TDI business. See " Segment Analysis" below and "Note 27. Discontinued Operations" and "Note 25. Casualty Losses and Insurance Recoveries" to our consolidated financial statements.

The extraordinary gain (loss) on the acquisition of a business relates to the June 30, 2006 acquisition of our textile effects business. During the year ended December 31, 2008, we recorded an extraordinary gain on the acquisition of $14 million related to the reversal of accruals for certain employee termination costs recorded in connection with the Textile Effects Acquisition that were no longer deemed necessary and a reimbursement by Ciba of certain restructuring costs associated with the acquisition. During the year ended December 31, 2007, we adjusted the preliminary purchase price allocation and finalized post-closing working capital adjustments, resulting in our recording an extraordinary loss on the acquisition of $7 million. See "Note 3. Business Combinations Textile Effects Acquisition" to our consolidated financial statements.

Segment Analysis

During the first quarter of 2009, we reorganized our operating segments to divide our former Materials and Effects segment into two different segments our Advanced Materials segment and our Textile Effects segment. All segment information in this report has been restated to reflect this change.

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Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

The following table sets forth the revenues and EBITDA for each of our operating segments (dollars in millions):

	Year ended December 31,		Percent Change
	2008	2007	
Revenues			
Polyurethanes	$ 4,055	$ 3,813	6%
Advanced Materials	1,492	1,434	4%
Textile Effects	903	985	(8)%
Performance Products	2,703	2,310	17%
Pigments	1,072	1,109	(3)%
Corporate and Other	159	155	3%
Eliminations	(169)	(155)	9%
Total	$ 10,215	$ 9,651	6%
Huntsman Corporation Segment EBITDA			
Polyurethanes	$ 382	$ 592	(35)%
Advanced Materials	149	158	(6)%
Textile Effects	(33)	41	NM
Performance Products	278	202	38%
Pigments	17	51	(67)%
Corporate and Other	550	(342)	NM
Subtotal	1,343	702	91%
Discontinued Operations	186	(327)	NM
Total	$ 1,529	$ 375	308%
Huntsman International Segment EBITDA			
Polyurethanes	$ 382	$ 592	(35)%
Advanced Materials	149	158	(6)%
Textile Effects	(33)	41	NM
Performance Products	278	202	38%
Pigments	17	51	(67)%
Corporate and Other	(236)	(150)	57%
Subtotal	557	894	(38)%
Discontinued Operations	186	(327)	NM
Total	$ 743	$ 567	31%

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	Average Selling Price	Sales Volumes
Current Year-Over-Prior Year Increase (Decrease)		
Polyurethanes(1)	8%	(1)%
Advanced Materials	8%	(3)%
Textile Effects(1)	13%	(19)%
Performance Products(1)	29%	(11)%
Pigments(1)	10%	(12)%

(1) Excludes revenues and sales volumes from tolling arrangements and bi-products.

NM Not Meaningful

Polyurethanes

For the year ended December 31, 2008, Polyurethanes segment revenues increased as a result of higher average selling prices, offset in part by reduced sales volumes. Average MDI selling prices increased by 4%, despite a significant decline in average selling prices in Asia during the fourth quarter of 2008, primarily due to global price increase initiatives early in the year in response to higher raw materials costs. Prices also benefited from foreign exchange movements as the U.S. dollar weakened against other relevant currencies. Average selling prices for MTBE increased by 20% due to improved market demand as well as in response to higher raw materials costs, again, despite a significant decline in average selling prices during the fourth quarter of 2008. The decrease in Polyurethanes segment sales volumes was primarily driven by slower growth in the U.S. related to slower construction-related demand and production outages caused by the recent U.S. Gulf Coast storms. Lower sales volumes were also due to lower than expected sales volumes in Asia with Olympic-related production restrictions and a sharp drop in global demand in the fourth quarter of 2008 related to the overall economic slowdown. Segment EBITDA decreased principally on lower margins related to sharply higher raw material and energy costs and the overall effects of the recent U.S. Gulf Coast storms and also on a significant write-down of certain inventories to the lower of cost or market values, all of which more than offset improved average selling prices.

Advanced Materials

For the year ended December 31, 2008, Advanced Materials segment revenues increased primarily as a result of higher average selling prices, offset in part by lower sales volumes. Average selling prices in our Advanced Materials segment increased mainly as a result of price increase initiatives in certain markets and regions in response to higher raw materials costs and from foreign exchange movements as the U.S. dollar weakened against other relevant currencies. Sales volumes for our Advanced Materials segment decreased primarily as a result of lower demand, mainly in Europe and the U.S., as a consequence of the worldwide economic slowdown. Segment EBITDA decreased primarily as a result of lower contribution margins as lower sales volumes and higher raw materials, energy and manufacturing costs more than offset higher average selling prices, offset in part by lower general and administrative expenses.

Textile Effects

For the year ended December 31, 2008, Textile Effects segment revenues decreased primarily as a result of lower sales volumes, offset in part by higher average selling prices. Sales volumes for our Textile Effects segment decreased primarily as a result of lower demand for dyes and chemicals in all regions related to the worldwide economic slowdown. Average selling prices increased mainly as a result of price increase initiatives in certain markets and regions in response to higher raw materials costs and from foreign exchange movements as the U.S. dollar weakened against other relevant currencies. EBITDA from our Textile Effects segment decreased due principally to lower sales volumes and lower margins, as higher raw material and energy costs more than offset higher average selling prices. During each of the years ended December 31, 2008 and 2007, our Textile Effects segment recorded restructuring and plant closing charges of $24 million. For more information concerning restructuring activities, see "Note 10. Restructuring, Impairment and Plant Closing Costs" to our consolidated financial statements.

Performance Products

For the year ended December 31, 2008, Performance Products segment revenues increased primarily due to an increase in average selling prices and higher toll manufacturing revenues, offset by lower sales volumes. Average selling prices rose in response to higher raw material costs and as a result of foreign exchange movements as the U.S. dollar weakened against other relevant currencies. The reduction in sales volumes was primarily due to the conversion of most of our ethylene glycol business to a toll manufacturing operation in 2008 and lower olefin by-product sales. Segment EBITDA increased principally due to expanded margins, as higher average selling prices more than offset increases in raw material and energy costs. The higher margins more than offset increases in plant fixed costs resulting from additional planned maintenance and hurricane repairs.

Pigments

For the year ended December 31, 2008, Pigments segment revenues decreased primarily as a result of lower sales volumes, offset in part by higher average selling prices in local currencies in all markets and foreign exchange movements as the U.S. dollar weakened against other relevant currencies. Sales volumes were lower primarily due to lower worldwide demand related to the global economic downturn. The positive effect on revenues of the U.S. dollar weakness was substantially offset by its effect on our costs. Segment EBITDA decreased principally due to lower sales volumes and reduced margins resulting from higher raw material and energy costs. During the years ended December 31, 2008 and 2007, our Pigments segment recorded restructuring and plant closing charges of $4 million and $3 million, respectively. For more information concerning restructuring activities, see "Note 10. Restructuring, Impairment and Plant Closing Costs" to our consolidated financial statements.

Corporate and Other Huntsman Corporation

Corporate and Other includes unallocated corporate overhead, unallocated foreign exchange gains and losses, loss on accounts receivable securitization program, loss on the early extinguishment of debt, other non-operating income and expense, net income (loss) attributable to noncontrolling interests, extraordinary gain (loss) on the acquisition of a business, gain on the sale of our former U.S. butadiene and MTBE business, income (expense) associated with the Terminated Merger and related litigation and the operating results of our Australian styrenics business. The increase in EBITDA from Corporate and Other for the year ended December 31, 2008 resulted primarily from a $990 million increase in the income associated with the Terminated Merger and related litigation ($780 million of income recorded in 2008 compared to $210 million of expenses in 2007). See "Note 26. Income (Expenses) Associated with the Terminated Merger and Related Litigation" to our consolidated financial statements. Additionally, for the year ended December 31, 2008, EBITDA was higher by $21 million due to favorable adjustments to the extraordinary gain on acquisition of our Textile Effects business (a $14 million gain recorded in 2008 compared to a $7 million loss in 2007). For more information regarding the extraordinary gain associated with our Textile Effects Acquisition, see "Note 3. Business Combinations Textile Effects Acquisition" to our consolidated financial statements. These increases in EBITDA were offset somewhat by a $19 million increase in unallocated foreign exchange losses (a loss of $31 million in 2008 compared to a loss of $12 million in 2007), an increase of $14 million in losses

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from our Australian styrenics business, and a $10 million decrease in net loss attributable to noncontrolling interests. In addition, the increase in Corporate and Other segment EBITDA was offset by an $11 million gain recorded in 2007 in connection with the U.K. Petrochemical Disposition and a $69 million gain recorded in 2007 in connection with the sale of our former U.S. butadiene and MTBE business. See "Note 24. Other Operating (Income) Expense" to our consolidated financial statements.

Corporate and Other Huntsman International

Corporate and Other includes unallocated corporate overhead, unallocated foreign exchange gains and losses, loss on accounts receivable securitization program, loss on the early extinguishment of debt, other non-operating income and expense, net income (loss) attributable to noncontrolling interests, extraordinary gain (loss) on the acquisition of a business, gain on the sale of our former U.S. butadiene and MTBE business and the operating results of our Australian styrenics business. The decrease in EBITDA from Corporate and Other for the year ended December 31, 2008 resulted primarily from a $19 million increase in unallocated foreign exchange losses (a loss of $31 million in 2008 compared to a loss of $12 million in 2007), an increase of $14 million in losses from our Australian styrenics business, and a $10 million decrease in net loss attributable to noncontrolling interests. In addition, Corporate and Other segment EBITDA was lower due to an $11 million gain recorded in 2007 in connection with the U.K. Petrochemical Disposition and a $69 million gain recorded in 2007 in connection with the sale of our former U.S. butadiene and MTBE business. See "Note 24. Other Operating (Income) Expense" to our consolidated financial statements. These decreases in EBITDA were offset somewhat by a $21 million favorable adjustment to the extraordinary gain on acquisition of our Textile Effects business (a $14 million gain recorded in 2008 compared to a $7 million loss in 2007). For more information regarding the extraordinary gain associated with the Textile Effects Acquisition, see "Note 3. Business Dispositions and Combinations Textile Effects Acquisition" to our consolidated financial statements.

Discontinued Operations

The operating results of our former polymers and base chemicals businesses are classified as discontinued operations, and, accordingly, the revenues of these businesses are excluded from revenues for all periods presented. The EBITDA of our polymers and base chemicals businesses are included in discontinued operations for all periods presented. The income (loss) from discontinued operations represents the operating results, partial fire insurance settlement gains, and impairment and gain (loss) on disposal with respect to each of our U.S. base chemicals business, our North American polymers business, our European base chemicals and polymers business and our TDI business. See "Note 27. Discontinued Operations" and "Note 25. Casualty Losses and Insurance Recoveries" to our consolidated financial statements.

Liquidity and Capital Resources

The following is a discussion of our liquidity and capital resources and generally does not include separate information with respect to Huntsman International in accordance with General Instruction I of Form 10-K.

Cash Flows for Year Ended December 31, 2009 Compared to the Year Ended December 31, 2008

Net cash provided by operating activities for the years ended December 31, 2009 and 2008 was $1,104 million and $767 million, respectively. The increase in cash provided by operating activities was primarily attributable to settlement proceeds received in connection with the Texas Bank Litigation Settlement Agreement and by a $599 million favorable variance in operating assets and liabilities changes for the year ended December 31, 2009 as compared with 2008. These increases to cash provided by operating activities were offset in part by a decrease in operating income as described in " Results of Operations" above.

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Net cash used in investing activities for the year ended December 31, 2009 and 2008 was $205 million and $489 million, respectively. During the years ended December 31, 2009 and 2008, we paid $189 million and $418 million, respectively, for capital expenditures. This reduction in capital expenditures was largely attributable to higher 2008 spending on various projects, including $84 million spent on our maleic anhydride expansion at the Geismar, Louisiana site in 2008 as compared to $26 million in 2009; and $32 million spent on our MDI facility at the Geismar, Louisiana site in 2008. In addition, during 2008, we spent $29 million at our Greatham, U.K. titanium dioxide facility. During the year ended December 31, 2009, we paid $31 million for the Baroda acquisition. See "Note 3. Business Combinations Baroda Acquisition" to our consolidated financial statements. During the years ended December 31, 2009 and 2008, we received $5 million and $3 million, respectively, from the sale of assets. During the year ended December 31, 2008, we made payments of $29 million related to certain expenditures for the rebuild of our former Port Arthur, Texas facility, resulting in an adjustment to the sales proceeds received in connection with the 2007 U.S. Base Chemicals Disposition. See "Note 27. Discontinued Operations" to our consolidated financial statements. During the year ended December 31, 2008, we contributed $44 million to our ethyleneamines joint venture in Saudi Arabia.

Net cash provided by financing activities for the years ended December 31, 2009 was $184 million as compared with $230 million of net cash provided by financing activities in 2008. During the year ended December 31, 2009 we issued the 2016 Senior Notes and obtained Term Loan C in connection with the Texas Bank Litigation Settlement Agreement. During this period, we also redeemed in full the $296 million outstanding principal amount 11.625% senior secured notes due October 2010 and the $198 million outstanding principal amount 11.5% senior notes due July 2012. During the year ended December 31, 2008, we issued the Convertible Notes in connection with the Apollo Settlement Agreement. For more information regarding the Convertible Notes, see " Convertible Notes" below.

Cash Flows for Year Ended December 31, 2008 Compared to the Year Ended December 31, 2007

Net cash provided by (used in) operating activities for the years ended December 31, 2008 and 2007 was $767 million and $(52) million, respectively. The increase in cash provided by operations was primarily attributable to $765 million of net cash received in connection with the Apollo Settlement Agreement and to a $45 million favorable year-over-year variance in operating assets and liabilities changes, offset in part by lower operating income as described in " Results of Operations" above.

Net cash (used in) provided by investing activities for the years ended December 31, 2008 and 2007 was $(489) million and $200 million, respectively. During the years ended December 31, 2008 and 2007, we paid $418 million and $665 million, respectively, for capital expenditures. The capital expenditures for the year ended December 31, 2007 included $157 million spent on our former Port Arthur, Texas facility that was previously damaged by fire and has been sold to Flint Hills Resources. In addition, during 2007, we spent $72 million on our Greatham, U.K. expansion for our Pigments segment as compared with $29 million in 2008. During the years ended December 31, 2008 and 2007, we received $3 million and $850 million, respectively, from the sale of assets. On August 1, 2007, we completed the North American Polymers Disposition for $354 million and on November 5, 2007 we completed the U.S. Base Chemicals Disposition for $415 million. In 2006, we sold the assets comprising our former U.S. butadiene and MTBE business and received the final payment of $70 from that sale in November 2007. During the year ended December 31, 2008, we made $29 million of payments related to certain expenditures to rebuild our former Port Arthur, Texas facility, resulting in an adjustment to the sales proceeds. See "Note 27. Discontinued Operations U.S. Base Chemicals Business" to our consolidated financial statements. During the year ended December 31, 2008, we contributed $44 million to our ethyleneamines joint venture in Saudi Arabia. During the year ended December 31, 2007, we finalized our post-closing adjustments with respect to the Textile Effects Acquisition, resulting in a reduction to the purchase price of $27 million.

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Net cash provided by financing activities for the year ended December 31, 2008 was $230 million as compared with a use of cash of $269 million in 2007. This increase in net cash provided by financing activities was primarily due to the issuance of the Convertible Notes in connection with the Apollo Settlement Agreement and lower net repayments of debt in 2008 as compared to 2007. For more information regarding the issuance of the Convertible Notes, see " Convertible Notes" below.

Changes in Financial Condition

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

	December 31, 2009	December 31, 2008	Increase (Decrease)	Percent Change
Cash and cash equivalents	$ 1,745	$ 657	$ 1,088	166%
Restricted cash	5	5		
Accounts receivable, net	1,019	913	106	12%
Inventories	1,184	1,500	(316)	(21)%
Prepaid expenses	42	45	(3)	(7)%
Deferred income taxes	36	21	15	71%
Other current assets	109	99	10	10%
Total current assets	4,140	3,240	900	28%
Accounts payable	755	747	8	1%
Accrued liabilities	623	617	6	1%
Deferred income taxes	2	36	(34)	(94)%
Current portion of long-term debt	431	205	226	110%
Total current liabilities	1,811	1,605	206	13%
Working capital	$ 2,329	$ 1,635	$ 694	42%

Our working capital increased by $694 million as a result of the net impact of the following significant changes:

- The increase in cash and cash equivalents of $1,088 million resulted from the matters identified in the consolidated statements of cash flows.

- The increase in accounts receivable of $106 million was mainly due to higher sales during the fourth quarter of 2009 and lower amounts outstanding under our A/R Program.

- Inventories decreased by $316 million mainly due to lower inventory quantities resulting from improved inventory management and lower inventory costs.

- The increase in the current portion of long-term debt of $226 million was primarily a result of the current classification at December 31, 2009 of the Convertible Notes that were repurchased on January 11, 2010.

Debt and Liquidity

Our direct debt and guarantee obligations consist of the following: our Convertible Notes; our guarantees of certain debt of HPS (our Chinese MDI joint venture); our guarantee of certain debt of the Arabian Amines Company; certain indebtedness incurred from time to time to finance certain insurance premiums; and our guarantee of certain obligations of Huntsman International in its capacity as a contributor and servicer guarantor under our U.S. A/R Program.

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Substantially all of our other debt 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.

Senior Credit Facilities

All of our Senior Credit Facilities are obligations of Huntsman International. As of December 31, 2009, our Senior Credit Facilities consisted of (i) the $650 million Revolving Facility; (ii) a $1,524 million term loan B facility ("Term Loan B"); and (iii) the $500 million ($444 million carrying value) Term Loan C (collectively with Term Loan B, the "Dollar Term Loans").

As of December 31, 2009, we had no borrowings outstanding under our Revolving Facility, and we had approximately $33 million (U.S. dollar equivalents) of letters of credit and bank guarantees issued and outstanding under our Revolving Facility. The Revolving Facility matures in August 2010, Term Loan B matures in 2014 and Term Loan C matures in 2016; provided, however, that 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.

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). On April 16, 2009, Huntsman International entered into a waiver (the "Waiver") with respect to the Leverage Covenant. The Leverage Covenant, as amended pursuant to the Waiver, requires that the maximum senior secured leverage ratio does not exceed 5.00 to 1.00.

In addition, the Waiver modified the calculation used to determine compliance with the Leverage Covenant as follows:

- we are allowed to add back to "Consolidated EBITDA" any lost profits that are attributable to hurricanes Gustav and Ike that occurred in 2008 (such amounts being $49 million and $18 million for the third and fourth quarters, respectively, of 2008); and

- by modifying the definition of "Permitted Non-Cash Impairment and Restructuring Charges" to replace a reference to $100 million with $200 million for permitted cash charges to be added back to "Consolidated EBITDA".

The Waiver is effective from April 16, 2009 through June 30, 2010. However, we may consent to terminate the Waiver in conjunction with a proposed amendment to the Revolving Facility we are currently seeking. In that event, the senior secured leverage ratio would return to 3.75 to 1.00.

As consideration for the Waiver, Huntsman International agreed to increase the interest paid on borrowings under the Revolving Facility by 225 basis points from LIBOR plus 1.75% to LIBOR plus 4.00% and to increase the applicable unused fee by 25 basis points from 0.50% to 0.75%. In addition, during the wavier period, Huntsman International agreed not to:

- request a borrowing under the Revolving Facility during the next succeeding fiscal quarter if compliance with the senior secured leverage ratio, as agreed to in the Waiver, is not met in any fiscal quarter;

- repay or make any payment of principal or interest under the Intercompany Note (defined below) if there are outstanding borrowings under the Revolving Facility or to reduce the principal amount outstanding under the Intercompany Note to less than $525 million; and make any restricted payments in an aggregate amount greater than the sum of $100 million plus Available Equity Proceeds (as defined in the agreement governing our Senior Credit Facilities (the "Credit Agreement") received by Huntsman International.

At the present time, borrowings under the Revolving Facility, Term Loan B and Term Loan C bear interest at LIBOR plus 4%, LIBOR plus 1.75% and LIBOR plus 2.25%, respectively. However, the applicable interest rate of Term Loan B is subject to a reduction to LIBOR plus 1.5% upon achieving certain secured leverage ratio thresholds.

As of December 31, 2009, the weighted average interest rate on the Senior Credit Facilities was approximately 2.1%. Our obligations under the Senior Credit Facilities are guaranteed by our guarantor subsidiaries (each a "Guarantor" and collectively the "Guarantors"), which consist of substantially all of our domestic subsidiaries and certain of our foreign subsidiaries, and are secured by a first priority lien on substantially all of our domestic property, plant and equipment, the stock of all of or our material domestic subsidiaries and certain foreign subsidiaries and pledges of intercompany notes between various of our subsidiaries.

Secured Notes

On July 23, 2009, we redeemed in full all of our $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. In connection with this redemption, we recognized a loss on early extinguishment of debt of $11 million.

Senior Notes

On August 3, 2009, we redeemed in full all of our $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 this redemption, we recognized a loss on early extinguishment of debt of $10 million.

2016 Senior Notes

Pursuant to the Texas Bank Litigation Settlement Agreement, we entered into the Note Purchase Agreement with the Banks, pursuant to which the Banks purchased $600 million aggregate principal amount of the 2016 Senior Notes.

The 2016 Senior Notes are senior unsecured obligations and are guaranteed by certain subsidiaries named as Guarantors.

As of December 31, 2009, we had outstanding $600 million ($434 million carry value) of the 2016 Senior Notes with an effective interest rate at issuance of 11.73%. In June 2009, these liabilities were measured at fair value upon initial recognition. We used primarily the income approach to determine the fair value of these instruments. Fair value represents the present value of estimated future cash flows calculated using interest rates that were available to us for issuance of debt with similar terms, adjusted for differences in remaining maturity using relevant debt yield curves.

The 2016 Senior Notes bear interest at the rate of 5.5% per year payable semi-annually in June and in December of each year. The 2016 Senior Notes will mature on June 30, 2016. We may redeem the 2016 Senior Notes in whole at any time or in part from time to time, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest thereon, if any, to the date of redemption. The 2016 Senior Notes are governed by an indenture imposing certain limitations on Huntsman International's ability to, among other things, incur additional indebtedness; pay dividends or make certain other restricted payments; enter into certain transactions with affiliates; create dividend or other payment restrictions affecting restricted subsidiaries; merge or consolidate with any other person; sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of their assets; or adopt a plan of liquidation.

Upon the occurrence of certain change of control events, holders of the 2016 Senior Notes will have the right to require that we purchase all or a portion (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of such holder's 2016 Senior Notes in cash pursuant to the offer described by us, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase.

Subordinated Notes

As of December 31, 2009, we had outstanding $175 million of 7.375% senior subordinated notes due 2015 and €135 million (approximately $194 million) of 7.5% senior subordinated notes due 2015 (the "2015 Subordinated Notes"). The 2015 Subordinated Notes are redeemable on or after January 1, 2010 at 103.688% and 103.750%, respectively, of the principal amount plus accrued interest, declining ratably to par on and after January 1, 2013.

As of December 31, 2009, we had outstanding €400 million (approximately $574 million) of 6.875% senior subordinated notes due 2013 (the "2013 Subordinated Notes") and $347 million aggregate principal amount ($351 million book value) of our 7.875% senior subordinated notes due 2014 (the "2014 Subordinated Notes"). The 2013 Subordinated Notes are currently redeemable at 105.156% of the principal amount plus accrued interest, declining ratably to par on or after November 15, 2012. The 2014 Subordinated Notes are redeemable on or after November 15, 2010 at 103.938% of the principal amount plus accrued interest, declining ratably to par on or after November 15, 2012.

Interest on the 2015 Subordinated Notes is payable semiannually in January and July of each year. Interest on the 2013 Subordinated Notes and the 2014 Subordinated Notes is payable semiannually in November and May of each year. All of our subordinated notes are unsecured. The indentures governing our subordinated notes contain covenants relating to, among other things, the incurrence of debt and limitations on distributions, certain restricted payments, asset sales and affiliate transactions. Our subordinated notes are guaranteed by the Guarantors. The indentures also contain provisions requiring us to offer to repurchase the notes upon a change of control.

Convertible Notes

As of December 31, 2009, we had outstanding $250 million of Convertible Notes ($236 million carrying value). On January 11, 2010, we repurchased the entire $250 million principal amount of the Convertible Notes from Apollo and its affiliates for approximately $382 million. The Convertible Notes were issued to Apollo in December 2008 as part of the Apollo Settlement Agreement. The Convertible Notes, which would have matured on December 23, 2018, bore interest at the rate of 7% per year and were convertible into approximately 31.8 million shares of our common stock at any time by the holders. As a result of the repurchase of the Convertible Notes, we will record a loss on early extinguishment of debt in the first quarter of 2010 in the amount of approximately $146 million. The carrying value of $236 million relating to the Convertible Notes was classified as current as of December 31, 2009.

Other Debt

We maintain a $25 million European overdraft facility that is a demand facility used for the working capital needs of our European subsidiaries. As of December 31, 2009 and 2008, we had nil and $16 million U.S. dollar equivalents, respectively, in borrowings outstanding under the European overdraft facility. We also maintain other foreign overdraft facilities used for working capital needs.

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HPS obtained secured loans for the construction of its MDI production facility. This debt consists of various committed loans. As of December 31, 2009, HPS had $20 million outstanding in U.S. dollar borrowings and 606 million in RMB borrowings (approximately $89 million) under these facilities. The interest rate on these facilities is LIBOR plus 0.48% for U.S. dollar borrowings and 90% of the Peoples Bank of China rate for RMB borrowings. As of December 31, 2009, the interest rate was approximately 1% for U.S. dollar borrowings, 5.3% for RMB term loan borrowings and 4.9% for RMB working capital loans. The term loans are secured by substantially all the assets of HPS and will be repaid in 16 semiannual installments (which began on June 30, 2007). We have guaranteed 70% of any amount due and unpaid by HPS under the loans described above (except for the VAT facility, which is not guaranteed). Our guarantees remain in effect until HPS has met certain conditions. The conditions outstanding include completion of the building and equipment mortgage registrations, which are progressing as planned, and maintaining a debt service coverage ratio of at least 1.5:1 at the time such registrations are completed. Our Chinese MDI joint ventures are unrestricted subsidiaries under the Senior Credit Facilities and under the indentures governing our outstanding notes.

As of December 31, 2009, 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 $103 million) and drafts are discounted using a discount rate of the three-month SHIBOR plus 2.2%. As of December 31, 2009 the all-in discount rate was 4.0%. As of December 31, 2009, HPS has discounted with recourse CNY363 million (approximately $53 million) of commercial drafts, all of which is included in current portion of long-term debt. While the facility has a maturity of July 2010, the lender has the right to accept or reject drafts presented for discounting.

Our Australian subsidiaries maintain credit facilities that had an aggregate outstanding balance of A$38 million (approximately $34 million) as of December 31, 2009, all of which is included in the current portion of long term debt. These facilities are nonrecourse to us and bear interest at the Australian index rate plus a margin of 2.4%. As of December 31, 2009, the interest rate for these facilities was 6.5%. The Australian credit facilities mature in May 2010.

We finance certain insurance premiums and, as of December 31, 2009 and 2008, we had outstanding notes payable in the amount of $18 million and $23 million, respectively. Insurance premium financings are generally secured by the unearned premiums under such policies.

In connection with the Baroda acquisition, a portion of the purchase price was funded through local financing and from liquidity available from our subsidiaries located in India. See "Note 3. Business Combinations." As of December 31, 2009, our Indian entities had combined debt outstanding of approximately $20 million (U.S. dollar equivalents). This debt is comprised of various facilities including approximately $9 million (U.S. dollar equivalents) in working capital facilities that are callable on demand and a five year term loan facility of approximately $11 million (U.S. dollar equivalents). See "Note 3. Business Combinations."

On June 30, 2008, our subsidiary, Huntsman (UK) Limited, entered into a $125 million short term committed revolving credit facility maturing on June 28, 2009. In connection with an amendment to our prior accounts receivable securitization program ("Prior A/R Program") on November 13, 2008, we terminated this short term revolving credit facility of which nothing was drawn. See "Note 16. Securitization of Accounts Receivable."

Notes Payable from Huntsman International to Huntsman Corporation

As of December 31, 2009, under an existing promissory note (the "Intercompany Note"), we have loaned $550 million to our subsidiary, Huntsman International. The Intercompany Note is unsecured and $25 million of the outstanding amount is classified as current as of December 31, 2009 on the accompanying consolidated balance sheets. As of December 31, 2009, 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 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 Waiver, 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 debt instruments, including Huntsman International's Senior Credit Facilities, Huntsman International's A/R Programs and the indentures governing Huntsman International's notes.

We have only one financial covenant under Huntsman International's Senior Credit Facilities the Leverage Covenant which applies to Huntsman International's $650 million Revolving Facility. 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). On April 16, 2009, Huntsman International entered into the Waiver with respect to the Leverage Covenant. The Leverage Covenant, as amended pursuant to the Waiver, requires that the Secured Leverage Ratio does not exceed 5.00 to 1.00. Huntsman International may consent to terminating the Waiver in conjunction with a proposed amendment to the Revolving Facility we are currently seeking. In that event, the Secured Leverage Ratio would return to 3.75 to 1.00.

If in the future Huntsman International is not able to meet the Secured Leverage Ratio, unless we obtain an amendment or waiver (as to which we can provide no assurance), then, for so long as we did not meet the Secured Leverage Ratio, we would not have access to the liquidity otherwise available under our Revolving Facility. If we fail to meet the Secured Leverage Ratio at a time when we had loans or letters of credit outstanding under the Revolving Facility, we would be in default under Huntsman International's Senior Credit Facilities, and, unless we obtain a waiver or forbearance with respect to such default (as to which we can provide no assurance), we could be required to pay off the balance of the Senior Credit Facilities in full and would not have further access to such facilities.

Our A/R Programs consist of two facilities: the $250 million U.S. A/R Program and the €225 (approximately $323 million) EU A/R Program. The agreements governing the U.S. A/R Program and the agreements governing the EU A/R Program also contain certain financial covenants. Any material failure to meet the applicable A/R Programs 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 Huntsman International's 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 the 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 December 31, 2009, we had $2,510 million of combined cash and unused borrowing capacity, consisting of $1,750 million in cash and restricted cash, $617 million in availability under our Revolving Facility, $25 million in availability under our European overdraft facility and $118 million in availability under our A/R Programs.

During 2009, we received settlement proceeds pursuant to the Texas Bank Litigation Settlement Agreement, including $632 million of cash (that included reimbursement of $12 million of our litigation costs). In addition, Huntsman International received $600 million for the 2016 Senior Notes and

$500 million pursuant to the Term Loan C financing. See "Note 26. Income (Expenses) Associated with the Terminated Merger and Related litigation" to our consolidated financial statements.

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 $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. The total redemption payments, excluding accrued interest, were a combined total of $509 million, including principal of $494 million and call premiums of approximately $15 million.

For the year ended 2009, we paid cash taxes in the amount of $155 million primarily related to the Texas Bank Litigation settlement.

Excluding the impact of the Texas Bank Litigation settlement, related taxes and the resulting redemptions of our notes in 2009, our liquidity as of December 31, 2009 comprised of cash and unused borrowing capacity increased $136 million compared to December 31, 2008 in spite of the impact of the worldwide recession on earnings. This was largely due to effective working capital management, reduced capital expenditures and minimal scheduled debt maturities.

During 2010, we expect to spend between $250 million and $275 million for capital expenditures. We expect to fund capital expenditures through a combination of available cash and cash flows from operations.

Our liquidity can be significantly impacted by various factors. Concerning changes in working capital components for the year ended December 31, 2009, our accounts receivable and inventory, net of accounts payable, decreased by approximately $298 million, as reflected in our consolidated statement of cash flows. Our inventories decreased by $351 million largely as a result of improved inventory management efforts and reduced inventory costs. In addition, during the year ended December 31, 2009, amounts outstanding under the A/R Program decreased by $192 million (from $446 million as of December 31, 2008 to $254 million as of December 31, 2009). The reduction in amounts outstanding under the A/R Program was largely due to our decreased need to utilize the program as a result of our significant cash balances. We expect volatility in our working capital components to continue.

On September 8, 2009, we announced the closure of our styrenics facility located at West Footscray, Australia. We ceased operation of the West Footscray styrene plant on January 5, 2010 and we expect to complete the subsequent closure of our polystyrene and expandable polystyrene plants 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 expect to incur other closure related costs of approximately $7 million in 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. For a discussion of restructuring, impairment and plant closing costs, see "Note 10. Restructuring, Impairment and Plant Closing Costs" to our consolidated financial statements.

On April 29, 2006, we experienced fire damage at our Port Arthur, Texas facility. This facility has been subsequently rebuilt and sold. In connection with this fire damage, we have received partial insurance proceeds to date of $365 million. Binding arbitration to settle this claim began on November 2, 2009. The binding arbitration is ongoing and further oral arguments have been scheduled in March 2010. Prior to the commencement of the arbitration proceedings, we had claimed an additional approximately $242 million plus interest as presently due and owing and unpaid under the

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Policy for losses caused by the fire. The arbitration panel has made a preliminary ruling disallowing our claim for interest. In addition, the arbitration panel has made certain preliminary rulings on some of the discrete issues that so far effectively reduce the overall amount we have claimed by approximately $40 million. A final ruling on these and the various other outstanding issues under the claim are not expected until after the oral arguments scheduled in March 2010. Collections on this insured loss, if any, will represent additional income from discontinued operations for us upon final settlement, and will be used to repay secured debt in accordance with relevant provisions of our debt agreements. See "Note 19. Commitments and Contingencies Port Arthur Plant Fire Insurance Litigation" and "Note 25. Casualty Losses and Insurance Recoveries Port Arthur, Texas Plant Fire" to our consolidated financial statements.

During the year ended December 31, 2009, we made contributions to our pension and postretirement benefit plans of $152 million. During 2010, we expect to contribute approximately $124 million to these plans.

As of December 31, 2009, we currently have $431 million classified as current portion of debt which consists of certain scheduled term payments and various short term facilities, including but not limited to our HPS draft discounting facility in China with $53 million outstanding, our Australian credit facilities with $34 million outstanding and certain other short term facilities totaling $48 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 January 11, 2010 we redeemed the entire $250 million principal amount ($236 million carrying value) of our outstanding Convertible Notes for approximately $382 million. The carrying value of $236 million relating to the Convertible Notes was classified as current as of December 31, 2009. See "Note 13. Debt Convertible Notes" to our consolidated financial statements.

Our $650 million Revolving Facility matures in August 2010. As of December 31, 2009, we had no borrowings outstanding under our Revolving Facility, and we had approximately $33 million (U.S. dollar equivalents) of letters of credit and bank guarantees issued and outstanding under our Revolving Facility. We are currently seeking to amend our Revolving Facility to, among other things, reduce the committed availability to $300 million and extend the maturity to four years from the date of the amendment. No assurance can be given that we will obtain these amendments.

Due to our ample liquidity in 2009, the effect of the current credit environment has been limited with regards to our need to access the credit markets. In addition, we have actively managed our credit exposure to ensure minimal credit losses during the recent economic environment.

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Contractual Obligations and Commercial Commitments

Our obligations under long-term debt (including the current portion), lease agreements and other contractual commitments as of December 31, 2009 are summarized below (dollars in millions):

	2010	2011 - 2012	2013 - 2014	After 2014	Total
Long-term debt, including current portion	$ 431	$ 102	$ 2,450	$ 1,229	$ 4,212
Interest(1)	201	383	301	101	986
Operating leases	46	77	63	63	249
Purchase commitments(2)	582	332	138	74	1,126
Total(3)(4)	$ 1,260	$ 894	$ 2,952	$ 1,467	$ 6,573

(1) Interest calculated using interest rates as of December 31, 2009 and contractual maturity dates.

(2) We have various purchase commitments extending through 2023 for materials, supplies and services entered into in the ordinary course of business. Included in the purchase commitments table above are contracts which require minimum volume purchases that extend beyond one year or are renewable annually and have been renewed for 2010. Certain contracts allow for changes in minimum required purchase volumes in the event of a temporary or permanent shutdown of a facility. To the extent the contract requires a minimum notice period, such notice period has been included in the above table. The contractual purchase price for substantially all of these contracts is variable based upon market prices, subject to annual negotiations. We have estimated our contractual obligations by using the terms of our 2009 pricing for each contract. We also have a limited number of contracts which require a minimum payment even if no volume is purchased. We believe that all of our purchase obligations will be utilized in our normal operations.

(3) Totals do not include commitments pertaining to our pension and other postretirement obligations. Our estimated future contributions to our pension and postretirement plans are as follows (dollars in millions):

	2010	2011 - 2012	2013 - 2014	5-Year Average Annual
Pension plans	$ 112	$ 317	$ 295	$ 119
Other postretirement obligations	12	24	23	10

(4) The above table does not reflect expected tax payments and unrecognized tax benefits due to the inability to make a reasonably reliable estimate of the timing and amount to be paid. For additional discussion on unrecognized tax benefits, see "Note 18. Income Taxes" to our consolidated financial statement.

Off-Balance Sheet Arrangements

Receivables Securitization

For a discussion of our A/R Programs, see "Note 15. Securitization of Accounts Receivable" to our consolidated financial statements. Upon adoption of new accounting guidance in 2010, we believe that the receivables transferred into the A/R Programs will no longer meet the criteria for derecognition and amounts outstanding will be accounted for as secured borrowings.

Guarantees

Our unconsolidated Saudi Joint Venture obtained various loan commitments in the aggregate amount of approximately $195 million (U.S. dollar equivalents) of which $181 million, including bridge loans, was drawn and outstanding as of December 31, 2009. 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. 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.

We also guarantee certain obligations of Huntsman International in its capacity as a contributor and servicer guarantor under the U.S. A/R Program.

Restructuring, Impairment and Plant Closing Costs

For a discussion of restructuring, impairment and plant closing costs, see "Note 10. Restructuring, Impairment and Plant Closing Costs" to our consolidated financial statements.

Legal Proceedings

For a discussion of legal proceedings, see "Note 19. Commitments and Contingencies Legal Matters" to our consolidated financial statements.

Environmental, Health and Safety Matters

For a discussion of environmental, health and safety matters, see "Note 20. Environmental, Health and Safety Matters" to our consolidated financial statements.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

For a discussion of recently issued accounting pronouncements, see "Note 2. Summary of Significant Accounting Policies Recently Issued Accounting Pronouncements" to our consolidated financial statements.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the U.S. requires management to make judgments, estimates and assumptions that affect the reported amounts in the consolidated financial statements. Our significant accounting policies are summarized in "Note 2. Summary of Significant Accounting Policies" to our consolidated financial statements. Summarized below are our critical accounting policies:

Fair Value

Pursuant to the Texas Bank Litigation Settlement Agreement, on June 22, 2009, Huntsman International entered into an amendment of its Senior Credit Facilities that created Term Loan C with a $500 million principal amount and also issued $600 million aggregate principal amount of 2016 Senior Notes. In accordance with accounting guidance regarding fair value measurements, we recorded the Term Loan C and the 2016 Senior Notes in our accounting records at fair values of $439 million and $425 million, respectively, upon initial recognition in June 2009.

We primarily used the income approach to determine the fair value of these instruments. Fair value represents the present value of estimated future cash flows calculated using interest rates that were available to us for issuance of debt with similar terms, adjusted for differences in remaining maturity using relevant debt yield curves.

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Management used judgment with respect to assumptions used in estimating the fair values of the Term Loan C and the 2016 Senior Notes. The effect of the following changes in certain key assumptions is summarized as follows (dollars in millions):

Assumptions	Balance Sheet Impact(1)	
Effective market yield		
1% increase	$	(45)
1% decrease		47

(1) Estimated increase (decrease) to June 2009 fair values of Term Loan C and 2016 Senior Notes

Pursuant to the Apollo Settlement Agreement, on December 23, 2008, we issued $250 million of our Convertible Notes to Apollo affiliates under the Note Purchase Agreement. In accordance with accounting guidance regarding fair value measurements, we recorded these Convertible Notes in our accounting records at a fair value of $235 million upon initial recognition in December 2008. As previously noted, we repurchased these notes on January 11, 2010.

We primarily used the income approach to determine the fair value of the Convertible Notes. Fair value is 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. We also used the market approach to assess comparables and corroborate the fair value determined using the income approach.

Management used judgment with respect to assumptions used in estimating the fair value of the Convertible Notes. The effect of the following changes in certain key assumptions is summarized as follows (dollars in millions):

Assumptions	Balance Sheet Impact(1)	
Expected volatility		
10% increase	$	6
10% decrease		(7)
Effective market yield		
1% increase		(6)
1% decrease		6

(1) Estimated increase (decrease) to December 31, 2008 fair value of Convertible Notes

Revenue Recognition

We generate substantially all of our revenues through sales in the open market and long-term supply agreements. We recognize revenue when it is realized or realizable and earned. Revenue for product sales is recognized when a sales arrangement exists, risk and title to the product transfer to the customer, collectibility is reasonably assured and pricing is fixed or determinable. The transfer of risk and title to the product to the customer usually occurs at the time shipment is made.

Revenue arrangements that contain multiple deliverables, which relate primarily to the licensing of technology, are evaluated in accordance with ASC 605-25, *Revenue Recognition Multiple-Element Arrangements*, to determine whether the arrangements should be divided into separate units of accounting and how the arrangement consideration should be measured and allocated among the separate units of accounting.

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Inventories

Inventories are stated at the lower of cost or market, with cost determined using last-in first-out ("LIFO"), first-in first-out, and average cost methods for different components of inventory. Market is determined based on net realizable value for finished goods inventories and replacement cost for raw materials and work-in-process inventories. In periods of declines in the selling prices of our finished products, inventory carrying values may exceed the net realizable value upon sale, resulting in a lower of cost or market charge. We evaluate the need for a lower of cost or market adjustment to inventories based on the period-end selling prices of our finished products.

Long-Lived Assets

The useful lives of our property, plant and equipment are estimated based upon our historical experience, engineering estimates and industry information and are reviewed when economic events indicate that we may not be able to recover the carrying value of the assets. The estimated lives of our property range from 3 to 33 years and depreciation is recorded on the straight-line method. Inherent in our estimates of useful lives is the assumption that periodic maintenance and an appropriate level of annual capital expenditures will be performed. Without on-going capital improvements and maintenance, the productivity and cost efficiency declines and the useful lives of our assets would be shorter.

Management uses judgment to estimate the useful lives of our long-lived assets. At December 31, 2009, if the estimated useful lives of our property, plant and equipment had either been one year greater or one year less than their recorded lives, then depreciation expense for the year ended December 31, 2009 would have been approximately $27 million less or $31 million greater, respectively.

We are required to evaluate our plant assets whenever events indicate that the carrying value may not be recoverable in the future or when management's plans change regarding those assets, such as idling or closing a plant. We evaluate impairment by comparing undiscounted cash flows of the related asset groups that are largely independent of the cash flows of other asset groups to their carrying values. Key assumptions in determining the future cash flows include the useful life, technology, competitive pressures, raw material pricing and regulations. In connection with our asset evaluation policy, we reviewed all of our long-lived assets for indicators that the carrying value may not be recoverable and determined that such indicators did not exist as of December 31, 2009.

Goodwill

We test our goodwill for impairment at least annually (at the beginning of the third quarter) and when events and circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Goodwill has been assigned to reporting units for purposes of impairment testing. Currently, substantially all of our goodwill balance relates to our Advanced Materials reporting unit.

Fair value is estimated using the market approach, as well as the income approach based on discounted cash flow projections. The estimated fair values of our reporting units are dependent on several significant assumptions including, among others, market information, operating results, earnings projections and anticipated future cash flows.

We tested goodwill for impairment at the beginning of the third quarter of 2009 as part of the annual impairment testing procedures and determined that no goodwill impairment existed. The results of our annual impairment testing indicated the excess of fair value of our Advanced Materials reporting unit over its carrying value was approximately $600 million.

In the first half of 2009, our market capitalization was below the net book value of our Company. We have evaluated the movement in our stock price as it relates to the fair values of our reporting

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units. Based on this evaluation, we determined that we did not have a triggering event that would require an interim goodwill impairment test. As of December 31, 2009, our market capitalization was well in excess of the net book value of our Company.

Restructuring and Plant Closing Costs

We have recorded restructuring charges in recent periods in connection with closing certain plant locations, workforce reductions and other cost savings programs. These charges are recorded when management has committed to a plan and incurred a liability related to the plan. Also in connection with the Textile Effects Acquisition, we recorded liabilities for workforce reduction, non-cancelable lease termination costs and demolition, decommissioning and other restructuring costs. Estimates for plant closing costs include the write-off of the carrying value of the plant, any necessary environmental and/or regulatory costs, contract termination and demolition costs. Estimates for workforce reductions and other costs savings are recorded based upon estimates of the number of positions to be terminated, termination benefits to be provided and other information, as necessary. While management evaluates the estimates on a quarterly basis and will adjust the reserve when information indicates that the estimate is above or below the initial estimate, management's estimates on a project-by-project basis have not varied to a material degree. For further discussion of our restructuring activities, see "Note 10. Restructuring, Impairment and Plant Closing Costs" to our consolidated financial statements.

Income Taxes

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 each period on a tax jurisdiction by tax jurisdiction 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. Uncertainties regarding expected future income in certain jurisdictions could affect the realization of deferred tax assets in those jurisdictions.

We do not provide for income taxes or benefits on the undistributed earnings of our non-U.S. subsidiaries as earnings are reinvested and, in the opinion of management, will continue to be reinvested indefinitely.

We adopted new accounting guidance regarding uncertainty in income taxes on January 1, 2007, the cumulative effect of which was not significant. This new accounting guidance clarified the accounting for uncertainty in income taxes by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The application of income tax law is inherently complex. We are required to determine if an income tax position meets the criteria of more-likely-than-not to be realized based on the merits of the position under tax law, in order to recognize an income tax benefit. This requires us to make many assumptions and judgments regarding the merits of income tax positions and the application of income tax law. Additionally, if a tax position meets the recognition criteria of more-likely-than-not we are required to make judgments and assumptions to measure the amount of the tax benefits to recognize based on the probability of the amount of tax benefits that would be realized if the tax position was challenged by the taxing authorities. Interpretations and guidance surrounding income tax laws and regulations change over time. As a consequence, changes in assumptions and judgments can materially affect amounts recognized in the consolidated financial statements.

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Employee Benefit Programs

We sponsor several contributory and non-contributory defined benefit plans, covering employees primarily in the U.S., the U.K., the Netherlands, Belgium and Switzerland, but also covering employees in a number of other countries. We fund the material plans through trust arrangements (or local equivalents) where the assets are held separately from us. We also sponsor unfunded postretirement plans which provide medical and life insurance benefits covering certain employees in the U.S. and Canada. Amounts recorded in the consolidated financial statements are recorded based upon actuarial valuations performed by various independent actuaries. Inherent in these valuations are numerous assumptions regarding expected return on assets, discount rates, compensation increases, mortality rates and health care costs trends. These assumptions are disclosed in "Note 17. Employee Benefit Plans" to our consolidated financial statements.

Management, with the advice of its actuaries, uses judgment to make assumptions on which our employee pension and postretirement benefit plan obligations and expenses are based. The effect of a 1% change in three key assumptions is summarized as follows (dollars in millions):

Assumptions	Statement of Operations(1)	Balance Sheet Impact(2)
Discount rate		
1% increase	$ (25)	$ (391)
1% decrease	29	457
Expected return on assets		
1% increase	(10)	
1% decrease	10	
Rate of compensation increase		
1% increase	20	116
1% decrease	(18)	(110)

(1) Estimated increase (decrease) on 2009 net periodic benefit cost

(2) Estimated increase (decrease) on December 31, 2009 pension and postretirement liabilities and accumulated other comprehensive (loss) income

Environmental Reserves

Environmental remediation costs for our facilities are accrued when it is probable that a liability has been incurred and the amount can be reasonably estimated. Estimates of environmental reserves require evaluating government regulation, available technology, site-specific information and remediation alternatives. We accrue an amount equal to our best estimate of the costs to remediate based upon the available information. The extent of environmental damage may not be fully known and the processes and costs of remediation may change as new information is obtained or technology for remediation is improved. Our process for estimating the expected cost for remediation considers the information available, technology that can be utilized and estimates of the extent of environmental damage. Adjustments to our estimates are made periodically based upon additional information received as remediation progresses. For further information, see "Note 20. Environmental, Health and Safety Matters" to our consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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. 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 income (loss).

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 (loss) income, to the extent effective, and will be recognized in the income statement when the hedged item affects earnings. Changes in the fair value of the hedge in the net investment of certain international operations are recorded in other comprehensive income, to the extent effective. The effectiveness of a cash flow hedging relationship is established at the inception of the hedge, and after inception we perform effectiveness assessments at least every three months. A derivative designated as a cash flow hedge is determined to be effective if the change in value of the hedge divided by the change in value of the hedged item is within a range of 80% to 125%. Hedge ineffectiveness in a cash flow hedge occurs only if the cumulative gain or loss on the derivative hedging instrument exceeds the cumulative change in the expected future cash flows on the hedged transaction. For a derivative that does not qualify or has not been designated as a hedge, changes in fair value are recognized in earnings.

INTEREST RATE RISKS

Through our borrowing activities, we are exposed to interest rate risk. Such risk arises due to the structure of our debt portfolio, including the duration of the portfolio and the mix of fixed and floating interest rates. Actions taken to reduce interest rate risk include managing the mix and rate characteristics of various interest bearing liabilities, as well as entering into interest rate derivative instruments.

From time to time, we may purchase interest rate swaps and/or interest rate collars to reduce the impact of changes in interest rates on our floating-rate long-term debt. Under interest rate swaps, we agree with other parties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional principal amount. The collars entitle us to receive from the counterparties (major banks) the amounts, if any, by which our interest payments on certain of our floating-rate borrowings exceed a certain rate, and require us to pay to the counterparties (major banks) the amount, if any, by which our interest payments on certain of our floating-rate borrowings are less than a certain rate.

On December 9, 2009, we entered into a five-year 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 this 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 were recorded in accumulated other comprehensive (loss) income. We will pay a fixed 2.6% on the hedge and receive the one-month LIBOR rate. As of December 31, 2009, the fair value of the hedge was $1 million and is recorded in other noncurrent assets.

In addition, on January 14, 2010 we entered into 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 this 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 were recorded in accumulated other comprehensive (loss) income. We will pay a fixed 2.8% on the hedge and receive the one-month LIBOR rate.

Interest rate contracts were recorded as a component of other noncurrent assets and liabilities as of December 31, 2009. The effective portion of the changes in the fair value of the swap were recorded in accumulated other comprehensive (loss) income. As of December 31, 2009, the fair value was not

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considered significant. As of December 31, 2009 and 2008, we had contracts with an aggregate notional amount of $61 million and $13 million, respectively.

For the years ended December 31, 2009 and 2008, the changes in accumulated other comprehensive (loss) income associated with cash flow hedging activities were not considered significant.

During 2010, interest expense of nil is expected to be reclassified to earnings. The actual amount that will be reclassified to earnings over the next twelve months may vary from this amount due to changing market conditions. We are exposed to credit losses in the event of nonperformance by a counterparty to the derivative financial instruments. We anticipate, however, that the counterparties will be able to fully satisfy their obligations under the contracts. Market risk arises from changes in interest rates.

A one-percentage-point change in interest rates would not have a significant impact on our outstanding interest rate hedge.

FOREIGN EXCHANGE RATE RISK

Our cash flows and earnings are subject to fluctuations due to exchange rate variation. Our revenues and expenses are denominated in various currencies. We 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 December 31, 2009, we had approximately $100 million notional amount (in U.S. dollar equivalents) outstanding in foreign currency contracts with a term of approximately one month. A one-percentage-point change in foreign exchange rates would not have a significant impact on these foreign exchange contracts.

On January 15, 2008, we entered into a series of forward foreign currency contracts in our Pigments segment to partially hedge the impact, for up to one year, of movements in foreign currency rates associated with the purchases of raw materials and sales of pigment in non-functional currencies. During the first quarter of 2009, any remaining contracts matured and the realized gains (losses) recorded in the consolidated statements of operations were not considered significant. As of December 31, 2008, these contracts had a notional amount of approximately $9 million and were designated as cash flow hedges. As of December 31, 2008, the fair value of these contracts was not considered significant. For the year ended December 31, 2008, the effective portion of the changes in the fair value was not significant with ineffectiveness of $1 million recorded as a decrease in sales, $1 million recorded as a reduction in cost of sales and a foreign currency loss of $1 million.

On October 24, 2008, we unwound a cross currency interest rate swap pursuant to which we had swapped $153 million of LIBOR floating rate debt payments for €116 million of EURIBOR floating rate debt payments. This swap was not designated as a hedge for financial reporting purposes. For the years ended December 31, 2008 and 2007, we recorded a foreign currency gain (loss) on this swap of $21 million and ($17) million, respectively, in the consolidated statements of operations.

On October 24, 2008, we unwound a cross currency interest rate swap pursuant to which we had swapped $96 million of LIBOR floating rate debt payments for €71 million of EURIBOR floating rate debt payments. This swap was designated as a hedge of a net investment for financial reporting purposes. We received a cash benefit from the unwind of $3 million in the fourth quarter of 2008. For the years ended December 31, 2008 and 2007, the effective portion of the changes in the fair value of

$14 million and ($8) million, respectively, was recorded as income (loss) in other comprehensive (loss) income, with ineffectiveness of $2 million and nil, respectively, recorded in interest expense in our consolidated statements of operations.

On July 12, 2007, we unwound a cross currency interest rate swap pursuant to which we had swapped $31 million of 11.0% fixed rate debt for €25 million of 9.4% fixed rate debt. The swap was not designated as a hedge for financial reporting purposes. We recorded an unrealized foreign currency loss on this swap of $2 million in our consolidated statements of operations for the year ended December 31, 2007.

A significant portion of our 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 income. From time to time, we review such designation of intercompany loans.

We review our non-U.S. dollar denominated debt to determine the appropriate amounts designated as hedges. As of December 31, 2009, we have designated approximately €325 million (approximately $466 million) of euro-denominated debt as a hedge of our net investment. For the years ended December 31, 2009, 2008 and 2007, the amount of (loss) gain recognized on the hedge of our net investment was $(5) million, $31 million and $(58) million, respectively, and was recorded in other comprehensive income (loss). As of December 31, 2009, we had approximately €957 million (approximately $1,373 million) in net euro assets.

COMMODITY PRICES RISK

Our exposure to changing commodity prices is somewhat limited since the majority of our raw materials are acquired at posted or market related prices, and sales prices for many of our finished products are at market related prices which are largely set on a monthly or quarterly basis in line with industry practice. Consequently, we do not generally hedge our commodity exposures.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our consolidated financial statements required by this item are included on the pages immediately following the Index to Consolidated Financial Statements appearing on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been no changes in our independent accountants, Deloitte & Touche LLP, or disagreements with them on matters of accounting or financial disclosure.

ITEM 9A. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE 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 December 31,

2009. Based on this evaluation, our chief executive officer and chief financial officer have concluded that, as of December 31, 2009, 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 SEC'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.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

No changes to our internal control over financial reporting occurred during the quarter ended December 31, 2009 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).

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control framework and processes for our Company and Huntsman International are designed to provide reasonable assurance to management, Huntsman International's Board of Managers and our Board of Directors regarding the reliability of financial reporting and the preparation of our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting for our Company and Huntsman International includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our Company and Huntsman International;
- provide reasonable assurance that transactions are recorded properly to allow for the preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of our Company and Huntsman International are being made only in accordance with authorizations of management and Directors of our Company and Huntsman International;
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our consolidated financial statements; and
- provide reasonable assurance as to the detection of fraud.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changing conditions, effectiveness of internal control over financial reporting may vary over time.

Our management assessed the effectiveness of our internal control over financial reporting for our Company and Huntsman International and concluded that, as of December 31, 2009, such internal control is effective. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control Integrated Framework* ("COSO").

Our independent registered public accountants, Deloitte & Touche LLP, with direct access to our Board of Directors through our Audit Committee, have audited the consolidated financial statements prepared by our Company and Huntsman International and have issued attestation reports on internal control over financial reporting for our Company and Huntsman International.

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MANAGEMENT'S PROCESS TO ASSESS THE EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

To comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, we completed a comprehensive compliance process to evaluate our internal control over financial reporting for our Company and Huntsman International. We involved employees at all levels of our Company during 2009 in training, performing and evaluating our internal controls.

Our management's conclusion on the effectiveness of internal control over financial reporting is based on a comprehensive evaluation and analysis of the five elements of COSO. Our management considered information from multiple sources as the basis its conclusion including self-assessments of the control activities within each work process, assessments of entity-level controls and internal control attestations from significant nonconsolidated joint ventures and external service providers, as well as from key management. In addition, our internal control processes contain self-monitoring mechanisms, and proactive steps are taken to correct deficiencies as they are identified. We also maintain an internal auditing program that independently assesses the effectiveness of internal control over financial reporting within each of the five COSO elements.

/s/ PETER R. HUNTSMAN	/s/ J. KIMO ESPLIN
Peter R. Huntsman *President and Chief Executive Officer*	J. Kimo Esplin *Executive Vice President and Chief Financial Officer*
/s/ L. RUSSELL HEALY	
L. Russell Healy *Vice President and Controller*	

February 19, 2010

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Huntsman Corporation and subsidiaries

We have audited the internal control over financial reporting of Huntsman Corporation and subsidiaries (the "Company") as of December 31, 2009, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedules as of and for the year ended December 31, 2009 of the Company and our report dated February 19, 2010 expressed an unqualified opinion on those financial statements and financial statement schedules and included an explanatory paragraph regarding the Company's retrospective

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application of new accounting guidance related to the presentation of noncontrolling interests in the consolidated financial statements effective January 1, 2009, and for changes in reportable segments that occurred in the first quarter of 2009.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 19, 2010

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Manager and Members of
Huntsman International LLC and subsidiaries

We have audited the internal control over financial reporting of Huntsman International LLC and subsidiaries (the "Company") as of December 31, 2009, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2009 of the Company and our report dated February 19, 2010 expressed an unqualified opinion on those financial statements and financial statement schedule and included an explanatory paragraph regarding the Company's retrospective application of new

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accounting guidance related to the presentation of noncontrolling interests in the consolidated financial statements effective January 1, 2009, and for changes in reportable segments that occurred in the first quarter of 2009.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 19, 2010

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ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information relating to our Directors (including identification of our Audit Committee's financial expert(s)) and executive officers is contained in the definitive Proxy Statement for our Annual Meeting of Stockholders and is incorporated herein by reference. See also the information regarding executive officers of the registrant set forth in Part I under the caption "Executive Officers of the Registrant" in reliance on General Instruction G to Form 10-K.

Code of Ethics

Our Company has adopted a code of ethics, as defined by Item 406(b) of Regulation S-K under the Exchange Act, that applies to our principal executive officer, principal financial officer and principal accounting officer or controller. A copy of the code of ethics is posted on our website, at www.huntsman.com. We intend to disclose any amendments to, or waivers from, our code of ethics on our website.

ITEM 11. EXECUTIVE COMPENSATION

Information relating to executive compensation and our equity compensation plans is contained in the definitive Proxy Statement for our Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information with respect to beneficial ownership of our common stock by each Director and all Directors and officers of our Company as a group is contained in the definitive Proxy Statement for our Annual Meeting of Stockholders and is incorporated herein by reference.

Information relating to any person who beneficially owns in excess of 5 percent of the total outstanding shares of our common stock is contained in the definitive Proxy Statement for our Annual Meeting of Stockholders and is incorporated herein by reference.

Information with respect to compensation plans under which equity securities are authorized for issuance is contained in the definitive Proxy Statement for our Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information with respect to certain relationships and related transactions is contained in the definitive Proxy Statement for our Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information with respect to principal accountant fees and services is contained in the definitive Proxy Statement for our Annual Meeting of Stockholders and is incorporated herein by reference.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed with this report.

1. Consolidated Financial Statements:

   See Index to Consolidated Financial Statements on page F-1

2. Financial Statement Schedules:

   Other than as stated on the Index to Consolidated Financial Statements on page F-1 with respect to Schedule I and Schedule II, financial statement schedules are omitted because they are not required or are not applicable or the required information is shown in the financial statements or notes thereto.

3. Exhibits:

   The exhibits to this report are listed on the Exhibit Index below.

(b) Description of exhibits.

Exhibit Index

Please see the Exhibit Index at the conclusion of this Annual Report on Form 10-K for exhibits filed with this Annual Report on Form 10-K or incorporated by reference. The following exhibits, also listed on the Exhibit Index, are filed with this Annual Report on Form 10-K:

Number	Description
21.1	Subsidiaries of the Company
23.1	Consent of Independent Registered Public Accounting Firm
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
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized.

Dated: February 19, 2010

HUNTSMAN CORPORATION
HUNTSMAN INTERNATIONAL LLC

By: /s/ J. KIMO ESPLIN

J. Kimo Esplin
Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Huntsman Corporation in the capacities indicated on the 19th day of February 2010.

/s/ JON M. HUNTSMAN

Jon M. Huntsman
Executive Chairman of the Board and Director

/s/ J. KIMO ESPLIN

J. Kimo Esplin
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

/s/ H. WILLIAM LICHTENBERGER

H. William Lichtenberger
Chairman of the Nominating and Corporate
Governance Committee and Director

/s/ RICHARD MICHAELSON

Richard Michaelson
Chairman of the Audit Committee and Director

/s/ MARSHA J. EVANS

Marsha J. Evans
Director

/s/ PETER R. HUNTSMAN

Peter R. Huntsman
President, Chief Executive Officer and Director
(Principal Executive Officer)

/s/ L. RUSSELL HEALY

L. Russell Healy
Vice President and Controller
(Principal Accounting Officer)

/s/ WAYNE A. REAUD

Wayne A. Reaud
Chairman of the Compensation Committee,
Chairman of the Litigation Committee
and Director

/s/ NOLAN D. ARCHIBALD

Nolan D. Archibald
Director

/s/ ALVIN V. SHOEMAKER

Alvin V. Shoemaker
Director

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Huntsman International in the capacities indicated on the 19th day of February 2010.

/s/ JON M. HUNTSMAN

Jon M. Huntsman
Chairman of the Board of Managers and Manager

/s/ J. KIMO ESPLIN

J. Kimo Esplin
Executive Vice President, Chief Financial Officer and Manager
(Principal Financial Officer)

/s/ JAMES R. MOORE

James R. Moore
Executive Vice President, General Counsel, Secretary and Manager

/s/ PETER R. HUNTSMAN

Peter R. Huntsman
President, Chief Executive Officer and Manager
(Principal Executive Officer)

/s/ L. RUSSELL HEALY

L. Russell Healy
Vice President and Controller
(Principal Accounting Officer)

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Huntsman Corporation and subsidiaries

We have audited the accompanying consolidated balance sheets of Huntsman Corporation and subsidiaries (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of operations and comprehensive income (loss), equity, and cash flows for each of the three years in the period ended December 31, 2009. Our audits also included the financial statement schedules listed in the Index on page F-1. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Huntsman Corporation and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 17 to the consolidated financial statements, the Company adopted new accounting guidance related to the measurement date of defined benefit pension and other postretirement plans effective January 1, 2008.

As discussed in Notes 2 and 29 to the consolidated financial statements, such statements have been adjusted for the retrospective application of new accounting guidance related to the presentation of noncontrolling interests in the consolidated financial statements effective January 1, 2009, and for changes in reportable segments that occurred in the first quarter of 2009.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 19, 2010 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 19, 2010

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HUNTSMAN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Millions, Except Share and Per Share Amounts)

	December 31, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,745	$ 657
Restricted cash	5	5
Accounts and notes receivable (net of allowance for doubtful accounts of $56 and $47, respectively)	1,018	905
Accounts receivable from affiliates	1	8
Inventories	1,184	1,500
Prepaid expenses	42	45
Deferred income taxes	36	21
Other current assets	109	99
Total current assets	4,140	3,240
Property, plant and equipment, net	3,516	3,649
Investment in unconsolidated affiliates	250	267
Intangible assets, net	125	153
Goodwill	94	92
Deferred income taxes	138	284
Notes receivable from affiliates	8	9
Other noncurrent assets	355	364
Total assets	$ 8,626	$ 8,058
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 730	$ 731
Accounts payable to affiliates	25	16
Accrued liabilities	623	617
Deferred income taxes	2	36
Current portion of debt	431	205
Total current liabilities	1,811	1,605
Long-term debt	3,781	3,677
Notes payable to affiliates	5	6
Deferred income taxes	289	117
Other noncurrent liabilities	875	1,021
Total liabilities	6,761	6,426
Commitments and contingencies (Notes 19 and 20)		
Equity		
Huntsman Corporation stockholders' equity:		
Common stock $0.01 par value, 1,200,000,000 shares authorized, 237,225,258 and 234,430,334 issued and 234,081,490 and 233,553,515 outstanding as of December 31, 2009 and 2008, respectively	2	2
Mandatory convertible preferred stock $0.01 par value, 100,000,000 shares authorized		
Additional paid-in capital	3,155	3,141
Unearned stock-based compensation	(11)	(13)

Accumulated deficit	(1,015)	(1,031)
Accumulated other comprehensive loss	(287)	(489)
Total Huntsman Corporation stockholders' equity	1,844	1,610
Noncontrolling interests in subsidiaries	21	22
Total equity	1,865	1,632
Total liabilities and equity	$ 8,626	$ 8,058

See accompanying notes to consolidated financial statements.

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HUNTSMAN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(In Millions, Except Per Share Amounts)

	Year ended December 31,		
	2009	**2008**	**2007**
Revenues:			
Trade sales, services and fees, net	$ 7,667	$ 10,051	$ 9,465
Related party sales	96	164	186
Total revenues	7,763	10,215	9,651
Cost of goods sold	6,695	8,951	8,111
Gross profit	1,068	1,264	1,540
Operating expenses:			
Selling, general and administrative	860	882	871
Research and development	145	154	145
Other operating (income) expense	(18)	27	(55)
Restructuring, impairment and plant closing costs	152	36	42
Total expenses	1,139	1,099	1,003
Operating (loss) income	(71)	165	537
Interest expense, net	(238)	(263)	(286)
Loss on accounts receivable securitization program	(23)	(27)	(21)
Equity in income of investment in unconsolidated affiliates	3	14	13
Loss on early extinguishment of debt	(21)	(1)	(2)
Income (expenses) associated with the Terminated Merger and related litigation	835	780	(210)
Other income		1	
Income from continuing operations before income taxes	485	669	31
Income tax (expense) benefit	(370)	(190)	12
Income from continuing operations	115	479	43
(Loss) income from discontinued operations	(9)	117	(217)

(including gain (loss) on disposal of $1 in 2009, $11 in 2008 and ($340) in 2007), net of tax						
Income (loss) before extraordinary gain (loss)		106		596		(174)
Extraordinary gain (loss) on the acquisition of a business, net of tax of nil		6		14		(7)
Net income (loss)		112		610		(181)
Net loss (income) attributable to noncontrolling interests		2		(1)		9
Net income (loss) attributable to Huntsman Corporation	$	114	$	609	$	(172)
Net income (loss)	$	112	$	610	$	(181)
Other comprehensive income (loss)		203		(749)		321
Comprehensive income (loss)		315		(139)		140
Comprehensive loss attributable to noncontrolling interests		1		2		6
Comprehensive income (loss) attributable to Huntsman Corporation	$	316	$	(137)	$	146

(continued)

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HUNTSMAN CORPORATION AND SUBSIDIARIES

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

(In Millions, Except Per Share Amounts)

	Year ended December 31,		
	2009	**2008**	**2007**
Basic income (loss) per share:			
Income from continuing operations attributable to Huntsman Corporation common stockholders	$ 0.50	$ 2.06	$ 0.23
(Loss) income from discontinued operations attributable to Huntsman Corporation common stockholders, net of tax	(0.04)	0.50	(0.98)
Extraordinary gain (loss) on the acquisition of a business attributable to Huntsman Corporation common stockholders, net of tax	0.03	0.06	(0.03)
Net income (loss) attributable to Huntsman Corporation common stockholders	$ 0.49	$ 2.62	$ (0.78)
Weighted average shares	233.9	232.0	221.0
Diluted income (loss) per share:			
Income from continuing operations attributable to Huntsman Corporation common stockholders	$ 0.49	$ 2.04	$ 0.22
(Loss) income from discontinued operations attributable to Huntsman Corporation common stockholders, net of tax	(0.04)	0.50	(0.93)
Extraordinary gain (loss) on the acquisition of a business attributable to Huntsman Corporation common stockholders, net of tax	0.03	0.06	(0.03)
Net income (loss) attributable to Huntsman Corporation common stockholders	$ 0.48	$ 2.60	$ (0.74)
Weighted average shares	238.3	234.3	232.8
Amounts attributable to Huntsman Corporation common stockholders:			
Income from continuing operations	$ 117	$ 478	$ 52
(Loss) income from discontinued operations, net of tax	(9)	117	(217)
Extraordinary gain (loss) on the acquisition of a business	6	14	(7)
Net income (loss)	$ 114	$ 609	$ (172)
Dividends per share	$ 0.40	$ 0.40	$ 0.40

See accompanying notes to consolidated financial statements.

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HUNTSMAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(Dollars in Millions)

	Shares		Huntsman Corporation Stockholders							
	Common Stock	**Mandatory convertible preferred stock**	**Common stock**	**Mandatory convertible preferred stock**	**Additional paid-in capital**	**Unearned stock-based compensation**	**Accumulated deficit**	**Accumulated other comprehensive (loss) income**	**Noncontrolling interests in subsidiaries**	**Total equity**
Balance, January 1, 2007	220,652,429	5,750,000	$ 2	$ 288	$ 2,798	$ (13)	$ (1,278)	$ (61)	$ 29	$ 1,765
Net loss							(172)		(9)	(181)
Other comprehensive income								318	3	321
Issuance of nonvested stock awards					10	(10)				
Vesting of stock awards	393,555									
Stock options exercised	99,332				2					2
Recognition of stock-based compensation					13	11				24
Repurchase and cancellation of stock awards	(109,126)						(2)			(2)
Dividends declared on common stock							(88)			(88)
Reversal of valuation allowance on deferred tax assets related to previous equity transactions					8					8
Increase in noncontrolling interest resulting from acquisition of a business									4	4
Balance, December 31, 2007	221,036,190	5,750,000	2	288	2,831	(12)	(1,540)	257	27	1,853
Net income							609		1	610
Other comprehensive loss								(746)	(3)	(749)
Issuance of nonvested stock awards					12	(12)				
Vesting of stock awards	594,908				1					1
Recognition of stock-based compensation					9	11				20
Repurchase and cancellation of stock awards	(160,058)						(4)			(4)

Preferred stock conversion	12,082,475	(5,750,000)		(288)	288					
Effect of adoption of SFAS No. 158, (currently included in ASC 715-20-55) net of tax							(3)			(3)
Dividends declared on common stock							(93)			(93)
Dividends paid to noncontrolling interest shareholders									(3)	(3)
Balance, December 31, 2008	233,553,515		2		3,141	(13)	(1,031)	(489)	22	1,632
Net income (loss)							114		(2)	112
Other comprehensive income								202	1	203
Issuance of nonvested stock awards					8	(8)				
Vesting of stock awards	742,565									
Recognition of stock-based compensation					6	10				16
Repurchase and cancellation of stock awards	(214,590)						(2)			(2)
Dividends declared on common stock							(96)			(96)
Balance, December 31, 2009	234,081,490		$ 2	$	$ 3,155	$ (11)	$ (1,015)	$ (287)	$ 21	$ 1,865

See accompanying notes to consolidated financial statements

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HUNTSMAN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Millions)

	Year ended December 31,		
	2009	**2008**	**2007**
Operating Activities:			
Net income (loss)	$ 112	$ 610	$ (181)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Extraordinary (gain) loss on the acquisition of a business, net of tax	(6)	(14)	7
Equity in income of investment in unconsolidated affiliates	(3)	(14)	(13)
Dividends received from unconsolidated affiliates	11	11	
Depreciation and amortization	442	398	413
Provision for losses on accounts receivable	9	6	3
(Gain) loss on disposal of businesses/assets, net	(2)	6	269
Loss on early extinguishment of debt	21	1	2
Noncash interest expense	22	2	5
Noncash restructuring, impairment and plant closing costs	13	7	15
Deferred income taxes	231	202	(203)
Net unrealized (gain) loss on foreign currency transactions	(26)	4	(9)
Stock-based compensation	20	20	26
Noncash gain on partial fire insurance settlement		(135)	
Other, net	1	3	(1)
Changes in operating assets and liabilities:			
Accounts and notes receivable	(88)	263	56
Inventories	351	(119)	(74)
Prepaid expenses	5	(9)	3
Other current assets	(6)	(1)	53
Other noncurrent assets	(32)	41	(158)
Accounts payable	35	(186)	(148)
Accrued liabilities	(34)	(64)	(87)
Other noncurrent liabilities	28	(265)	(30)
Net cash provided by (used in) operating activities	1,104	767	(52)
Investing Activities:			
Capital expenditures	(189)	(418)	(665)
Acquisition of business, net of cash acquired and post-closing adjustments	(31)	(2)	13
Proceeds from sale of businesses/assets, net of adjustments	5	(26)	850
Investment in unconsolidated affiliates		(44)	(17)
	7	10	4

Cash received from unconsolidated affiliates			
Proceeds from maturity of government securities, restricted as to use		4	14
Change in restricted cash		(8)	
Other, net	3	(5)	1
Net cash (used in) provided by investing activities	(205)	(489)	200

(continued)

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HUNTSMAN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(Dollars in Millions)

	Year ended December 31, 2009	2008	2007
Financing Activities:			
Net (repayments) borrowings under revolving loan facilities	$ (14)	$ 11	$ (17)
Net (repayments) borrowings on overdraft facilities	(12)	8	15
Net (repayments) borrowings on short-term debt	(13)	73	
Repayments of long-term debt	(542)	(11)	(422)
Proceeds from issuance of long-term debt	880	263	266
Repayments of notes payable	(66)	(55)	(60)
Borrowings on notes payable	67	48	56
Debt issuance costs paid	(5)	(5)	(5)
Call premiums related to early extinguishment of debt	(14)		(1)
Dividends paid to common stockholders	(96)	(93)	(88)
Dividends paid to preferred stockholders		(4)	(14)
Repurchase and cancellation of stock awards	(2)	(4)	
Other, net	1	(1)	1
Net cash provided by (used in) financing activities	184	230	(269)
Effect of exchange rate changes on cash	5	(5)	12
Increase (decrease) in cash and cash equivalents	1,088	503	(109)
Cash and cash equivalents at beginning of period	657	154	263
Cash and cash equivalents at end of period	$ 1,745	$ 657	$ 154
Supplemental cash flow information:			
Cash paid for interest	$ 227	$ 265	$ 301
Cash paid for income taxes	155	34	73

During the years ended December 31, 2009, 2008 and 2007, the amount of capital expenditures in accounts payable (decreased) increased by $(13) million, $9 million, $72 million, respectively. The value of share awards that vested during the years ended December 31, 2009, 2008 and 2007 was $12 million, $13 million and $9 million, respectively.

See accompanying notes to consolidated financial statements.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Managers and Members of
Huntsman International LLC and subsidiaries

We have audited the accompanying consolidated balance sheets of Huntsman International LLC and subsidiaries (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of operations and comprehensive (loss) income, equity, and cash flows for each of the three years in the period ended December 31, 2009. Our audits also included the financial statement schedule listed in the Index on page F-1. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Huntsman International LLC and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 17 to the consolidated financial statements, the Company adopted new accounting guidance related to the measurement date of defined benefit pension and other postretirement plans effective January 1, 2008.

As discussed in Notes 2 and 29 to the consolidated financial statements, such statements have been adjusted for the retrospective application of new accounting guidance related to the presentation of noncontrolling interests in the consolidated financial statements effective January 1, 2009, and for changes in reportable segments that occurred in the first quarter of 2009.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 19, 2010 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 19, 2010

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Dollars in Millions)

	December 31, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 919	$ 87
Restricted cash	5	5
Accounts and notes receivable (net of allowance for doubtful accounts of $56 and $47, respectively)	1,018	905
Accounts receivable from affiliates	32	15
Inventories	1,184	1,500
Prepaid expenses	42	45
Deferred income taxes	33	21
Other current assets	109	99
Total current assets	3,342	2,677
Property, plant and equipment, net	3,357	3,466
Investment in unconsolidated affiliates	250	267
Intangible assets, net	129	157
Goodwill	94	92
Deferred income taxes	158	392
Notes receivable from affiliates	8	9
Other noncurrent assets	355	364
Total assets	$ 7,693	$ 7,424
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 715	$ 728
Accounts payable to affiliates	41	16
Accrued liabilities	613	560
Deferred income taxes	2	35
Note payable to affiliate	25	423
Current portion of debt	195	205
Total current liabilities	1,591	1,967
Long-term debt	3,781	3,442
Notes payable to affiliates	530	6
Deferred income taxes	79	69
Other noncurrent liabilities	865	1,021
Total liabilities	6,846	6,505
Commitments and contingencies (Notes 19 and 20)		
Equity		
Huntsman International LLC members' equity:		
Members' equity, 2,728 units issued and outstanding	3,021	2,865
Accumulated deficit	(1,847)	(1,414)
Accumulated other comprehensive loss	(348)	(554)
Total Huntsman International LLC members' equity	826	897
Noncontrolling interests in subsidiaries	21	22

Total equity	847	919
Total liabilities and equity	$ 7,693	$ 7,424

See accompanying notes to consolidated financial statements

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME

(Dollars in Millions)

	Year Ended December 31,		
	2009	**2008**	**2007**
Revenues:			
Trade sales, services and fees, net	$ 7,667	$ 10,051	$ 9,465
Related party sales	96	164	186
Total revenues	7,763	10,215	9,651
Cost of goods sold	6,678	8,934	8,095
Gross profit	1,085	1,281	1,556
Operating expenses:			
Selling, general and administrative	849	881	871
Research and development	145	154	145
Other operating (income) expense	(18)	27	(55)
Restructuring, impairment and plant closing costs	152	36	42
Total expenses	1,128	1,098	1,003
Operating (loss) income	(43)	183	553
Interest expense, net	(240)	(264)	(287)
Loss on accounts receivable securitization program	(23)	(27)	(21)
Equity in income of investment in unconsolidated affiliates	3	14	13
Loss on early extinguishment of debt	(21)	(1)	(3)
Other income		1	
(Loss) income from continuing operations before income taxes	(324)	(94)	255
Income tax (expense) benefit	(85)	2	(41)
(Loss) income from continuing operations	(409)	(92)	214
(Loss) income from discontinued operations (including gain (loss) on disposal of $1 in 2009, $11 in 2008 and ($351) in 2007), net of tax	(9)	117	(228)

(Loss) income before extraordinary gain (loss)		(418)		25		(14)
Extraordinary gain (loss) on the acquisition of a business, net of tax of nil		6		14		(7)
Net (loss) income		(412)		39		(21)
Net loss (income) attributable to noncontrolling interests		2		(1)		9
Net (loss) income attributable to Huntsman International LLC	$	(410)	$	38	$	(12)
Net (loss) income	$	(412)	$	39	$	(21)
Other comprehensive income (loss)		207		(744)		337
Comprehensive (loss) income		(205)		(705)		316
Comprehensive loss attributable to noncontrolling interests		1		2		6
Comprehensive (loss) income attributable to Huntsman International LLC	$	(204)	$	(703)	$	322

See accompanying notes to consolidated financial statements

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY

(Dollars in Millions)

	Huntsman International LLC Members					
	Members' equity					
	Units	Amount	Accumulated deficit	Accumulated other comprehensive (loss) income	Noncontrolling interests in subsidiaries	Total equity
Balance, January 1, 2007	2,728	$ 2,812	$ (1,131)	$ (147)	$ 29	$ 1,563
Net loss			(12)		(9)	(21)
Other comprehensive income				334	3	337
Contribution from parent, net of distributions		26				26
Reversal of valuation allowance on deferred tax assets related to previous equity transactions		7				7
Increase in noncontrolling interest resulting from acquisition of a business					4	4
Balance, December 31, 2007	2,728	2,845	(1,143)	187	27	1,916
Net income			38		1	39
Other comprehensive loss				(741)	(3)	(744)
Effect of adoption of SFAS No. 158 (currently included in ASC 715-20-55), net of tax			(3)			(3)
Contribution from parent, net of distributions		20				20
Dividends paid to parent			(306)		(3)	(309)
Balance, December 31, 2008	2,728	2,865	(1,414)	(554)	22	919
Net loss			(410)		(2)	(412)
Other comprehensive income				206	1	207
Contribution from parent, net of taxes of $96 and distributions		156				156
Dividends paid to parent			(23)			(23)
Balance, December 31, 2009	2,728	$ 3,021	$ (1,847)	$ (348)	$ 21	$ 847

See accompanying notes to consolidated financial statements

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Millions)

	Year Ended December 31,		
	2009	**2008**	**2007**
Operating Activities:			
Net (loss) income	$ (412)	$ 39	$ (21)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Extraordinary (gain) loss on the acquisition of a business, net of tax	(6)	(14)	7
Equity in income of investment in unconsolidated affiliates	(3)	(14)	(13)
Dividends received from unconsolidated affiliates	11	11	
Depreciation and amortization	420	374	391
Provision for losses on accounts receivable	9	6	3
(Gain) loss on disposal of businesses/assets, net	(2)	6	269
Loss on early extinguishment of debt	21	1	3
Noncash interest expense	39	2	5
Noncash restructuring, impairment and plant closing costs	13	7	15
Deferred income taxes	68	26	(150)
Net unrealized (gain) loss on foreign currency transactions	(26)	4	(9)
Noncash compensation	16	20	26
Noncash gain on partial fire insurance settlement		(135)	
Other, net	1	4	(1)
Changes in operating assets and liabilities:			
Accounts and notes receivable	(88)	263	56
Inventories	351	(119)	(74)
Prepaid expenses	5	(9)	3
Other current assets	(6)	(5)	43
Other noncurrent assets	(32)	41	(162)
Accounts payable	4	(193)	(148)
Accrued liabilities	5	(17)	(177)
Other noncurrent liabilities	32	(259)	(9)
Net cash provided by operating activities	420	39	57
Investing Activities:			
Capital expenditures	(189)	(418)	(665)
Acquisition of business, net of cash acquired and post-closing adjustments	(31)	(2)	13
Proceeds from sale of businesses/assets, net of adjustments	5	(26)	850
(Increase) decrease in receivable from affiliate	(7)	179	(178)

Investment in unconsolidated affiliates		(44)	(17)
Cash received from unconsolidated affiliates	7	10	4
Change in restricted cash		(8)	
Other, net	3	(5)	1
Net cash (used in) provided by investing activities	(212)	(314)	8

(continued)

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(Dollars in Millions)

	Year Ended December 31,		
	2009	**2008**	**2007**
Financing Activities:			
Net (repayments) borrowings under revolving loan facilities	$ (14)	$ 11	$ (17)
Net (repayments) borrowings on overdraft facilities	(12)	8	15
Net (repayments) borrowings on short-term debt	(13)	73	
Repayments of long-term debt	(542)	(11)	(422)
Proceeds from issuance of long-term debt	880	28	266
Repayments of notes payable to affiliate	(403)		
Proceeds from notes payable to affiliate	529	423	
Repayments of notes payable	(63)	(55)	(57)
Borrowings on notes payable	64	48	53
Debt issuance costs paid	(5)	(5)	(5)
Call premiums related to early extinguishment of debt	(14)		(1)
Contribution from parent	236		
Dividends paid to parent	(23)	(306)	
Other, net	(1)	(1)	(1)
Net cash provided by (used in) financing activities	619	213	(169)
Effect of exchange rate changes on cash	5	(5)	12
Increase (decrease) in cash and cash equivalents	832	(67)	(92)
Cash and cash equivalents at beginning of period	87	154	246
Cash and cash equivalents at end of period	$ 919	$ 87	$ 154
Supplemental cash flow information:			
Cash paid for interest	$ 221	$ 265	$ 303
Cash paid for income taxes	27	34	73

During the years ended December 31, 2009, 2008 and 2007, the amount of capital expenditures in accounts payable (decreased) increased by $(13) million, $9 million, $72 million, respectively. During the years ended December 31, 2009, 2008 and 2007, Huntsman Corporation contributed $16 million, $20 million and $26 million, respectively, related to stock based compensation.

See accompanying notes to consolidated financial statements

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HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

DEFINITIONS

Each capitalized term used without definition in these notes to consolidated financial statements has the meaning specified in the Annual Report on Form 10-K to which these notes to consolidated financial statements are included.

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, epoxy-based polymer formulations, textile chemicals, dyes, maleic anhydride and titanium dioxide.

We operate in five segments: Polyurethanes, Advanced Materials, Textile Effects, Performance Products and Pigments. Our Polyurethanes, Advanced Materials, Textile Effects and Performance Products segments produce differentiated organic chemical products and our Pigments segment produces inorganic chemical products. In a series of transactions completed in 2006 and 2007, we sold substantially all of our former Polymers and Base Chemicals operations. We report the results of our former Polymers and Base Chemicals businesses as discontinued operations. See "Note 27. Discontinued Operations."

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 polystyrene plastics packaging company. Since then, we have grown through a series of significant acquisitions and now own a global portfolio of businesses.

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.

RECENT DEVELOPMENTS

Repurchase of Convertible Notes

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 as part of the Apollo Settlement Agreement. The Convertible Notes, which would have matured on December 23, 2018, bore interest at the rate of 7% per year and were convertible into approximately 31.8 million shares of our common stock at any time by the holders. As a result of the repurchase of the Convertible Notes, we will record a loss on early extinguishment of debt in the first quarter of 2010 in the amount of approximately $146 million.

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. GENERAL (Continued)

Termination of Tronox Purchase Agreement

On August 28, 2009, we entered into the Tronox Purchase Agreement, to acquire certain assets of Tronox under Section 363 of Chapter 11 of the United States Bankruptcy Code. The Tronox Purchase Agreement was subject to approval by the United States Bankruptcy Court for the Southern District of New York. Under the Tronox Purchase Agreement, we were a "stalking horse" bidder and the proposed transaction was subject to Tronox's solicitation of higher or otherwise better offers pursuant to specified bidding procedures and an auction process to be conducted under supervision of the bankruptcy court. On December 23, 2009, Tronox delivered a notice of termination of the Tronox Purchase Agreement to us after it received an order from the bankruptcy court authorizing it to replace its existing senior secured financing and an interim order authorizing it to enter into certain agreements as part of a plan to pursue an alternative transaction. The new alternative transaction is sponsored by an ad hoc group of Tronox's unsecured bondholders.

Under the Tronox Purchase Agreement, we made a $12 million refundable deposit toward the purchase price and, in connection with the proposed transaction, we incurred $13 million in costs. Prior to December 31, 2009, the deposit of $12 million was refunded to us, we received an additional $12 million as a break-up fee, and we received $3 million for partial reimbursement of our costs. The break-up fee and the partial reimbursement of our costs, net of the costs incurred, are included in other operating income in our consolidated statements of operation for the year ended December 31, 2009.

Closure of Australian Styrenics Operations

On September 8, 2009, we announced the closure of our styrenics facility located at West Footscray, Australia. We ceased operation of the West Footscray styrene plant on January 5, 2010, and we expect to complete the subsequent closure of our polystyrene and expandable polystyrene plants 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 expect to incur other closure related costs of approximately $7 million in 2010. We can provide no assurance that the eventual environmental remediation costs will not be materially different from our current estimate. Products produced at the site represent less than 2% of our 2008 global sales. Our other operations in Australia, including RMAX® expandable polystyrene business, Performance Products, Polyurethanes, Textile Effects and Advanced Materials divisions, are not affected by the announcement and will continue to operate in Australia. We expect to treat the Australian styrenics business as a discontinued operation beginning in the first quarter of 2010 when operations cease.

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. GENERAL (Continued)

HUNTSMAN CORPORATION AND HUNTSMAN INTERNATIONAL FINANCIAL STATEMENTS

Except where otherwise indicated, these notes relate to the consolidated financial statements 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;
- income (expenses) associated with the Terminated Merger and related litigation;
- the Convertible Notes issued in connection with the Apollo Settlement Agreement; and.
- the results of the Texas Bank Litigation Apollo Settlement Agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

Our consolidated financial statements include the accounts of our wholly-owned and majority-owned subsidiaries and any variable interest entities for which we are the primary beneficiary. All intercompany accounts and transactions have been eliminated, except for intercompany sales between continuing and discontinued operations.

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 consolidated financial statements for prior periods have been reclassified to conform with the current presentation. Specifically, during the first quarter of 2009, we reorganized our operating segments to divide our former Materials and Effects segment into two separate segments the Advanced Materials segment and the Textile Effects segment. All segment information for prior periods has been restated to reflect this change. In addition, effective January 1, 2009, we retroactively applied, and information in this report reflects, the presentation and disclosure requirements of Accounting Standards Codification ("ASC") 810-10-65-1, *Transition Related to FASB Statement No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51*. See "Note 2. Summary of Significant

Accounting Policies Recently Issued Accounting Pronouncements."

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SUBSEQUENT EVENTS

We have evaluated material subsequent events through the time these financial statements were issued on February 19, 2010. See "Note 2. Summary of Significant Accounting Policies Recently Issued Accounting Pronouncements."

REVENUE RECOGNITION

We generate substantially all of our revenues through sales in the open market and long-term supply agreements. We recognize revenue when it is realized or realizable and earned. Revenue for product sales is recognized when a sales arrangement exists, risk and title to the product transfer to the customer, collectibility is reasonably assured and pricing is fixed or determinable. The transfer of risk and title to the product to the customer usually occurs at the time shipment is made.

Revenue arrangements that contain multiple deliverables, which relate primarily to licensing of technology, are evaluated to determine whether the arrangements should be divided into separate units of accounting and how the arrangement consideration should be measured and allocated among the separate units of accounting.

COST OF GOODS SOLD

We classify the costs of manufacturing and distributing our products as cost of goods sold. Manufacturing costs include variable costs, primarily raw materials and energy, and fixed expenses directly associated with production. Manufacturing costs also include, among other things, plant site operating costs and overhead (including depreciation), production planning and logistics costs, repair and maintenance costs, plant site purchasing costs, and engineering and technical support costs. Distribution, freight and warehousing costs are also included in cost of goods sold.

CASH AND CASH EQUIVALENTS

We consider cash in checking accounts and cash in short-term highly liquid investments with remaining maturities of three months or less at the date of purchase, to be cash and cash equivalents. Cash flows from discontinued operations are not presented separately in the accompanying consolidated statements of cash flows.

ALLOWANCE FOR DOUBTFUL TRADE RECEIVABLES

An allowance for doubtful trade receivables is estimated based on a combination of write-off history, aging analysis and any specific, known troubled accounts.

SECURITIZATION OF ACCOUNTS RECEIVABLE

In connection with our A/R Programs we securitize certain trade receivables. The A/R Programs are structured so that we grant a participating undivided interest in certain of our trade receivables to bankruptcy remote special purpose entities. We retain the servicing rights and a retained interest in the securitized receivables. Losses are recorded on the sale and are based on the carrying value of the receivables as allocated between the receivables sold and the retained interests and their relative fair

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HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

value at the date of the transfer. Retained interests are subsequently carried at fair value which is estimated based on the present value of expected cash flows, calculated using management's best estimates of key assumptions including credit losses and discount rates commensurate with the risks involved. See "Note 15. Securitization of Accounts Receivable" and "Note 2. Recently Issued Accounting Pronouncements."

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.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives or lease term as follows:

Buildings and equipment	10 - 33 years
Plant and equipment	3 - 25 years
Furniture, fixtures and leasehold improvements	5 - 20 years

Interest expense capitalized as part of plant and equipment was $3 million, $17 million and $17 million for the years ended December 31, 2009, 2008 and 2007, respectively.

Periodic maintenance and repairs applicable to major units of manufacturing facilities (a "turnaround") are accounted for on the deferral basis by capitalizing the costs of the turnaround and amortizing the costs over the estimated period until the next turnaround. Normal maintenance and repairs of plant and equipment are charged to expense as incurred. Renewals, betterments and major repairs that materially extend the useful life of the assets are capitalized, and the assets replaced, if any, are retired.

INVESTMENT IN UNCONSOLIDATED AFFILIATES

Investments in companies in which we exercise significant management influence, but do not control, are accounted for using the equity method. Investments in companies in which we do not exercise significant influence are accounted for using the cost method.

INTANGIBLE ASSETS AND GOODWILL

Intangible assets are stated at cost (fair value at the time of acquisition) and are amortized using the straight-line method over the estimated useful lives or the life of the related agreement as follows:

Patents and technology	5 - 30 years
Trademarks	15 - 30 years
Licenses and other agreements	5 - 15 years
Other intangibles	5 - 15 years

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. Goodwill is not subject to any method of amortization, but is tested for impairment annually (at the beginning of the third quarter) and when events and circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. When the fair value is less than the carrying value of the related reporting unit, we are required to reduce the amount of goodwill through a charge to earnings. Fair value is estimated using the market approach, as well as the income approach based on discounted cash flow projections. Goodwill has been assigned to reporting units for purposes of impairment testing.

OTHER NONCURRENT ASSETS

Other noncurrent assets consist primarily of spare parts, deferred debt issuance costs, the overfunded portion related to defined benefit plans for employees and capitalized turnaround costs. Debt issuance costs are amortized using the interest method over the term of the related debt.

CARRYING VALUE OF LONG-LIVED ASSETS

We review long-lived assets and all amortizable intangible assets, other than goodwill, for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Recoverability is based upon current and anticipated undiscounted cash flows, and we recognize an impairment when such estimated cash flows are less than the carrying value of the asset. Measurement of the amount of impairment, if any, is based upon the difference between carrying value and fair value. Fair value is generally estimated by discounting estimated future cash flows using a discount rate commensurate with the risks involved. See "Note 10. Restructuring, Impairment and Plant Closing Costs" and "Note 27. Discontinued Operations".

FINANCIAL INSTRUMENTS

The carrying amounts reported in the balance sheet 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 is 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. See "Note 16. Fair Value."

INCOME TAXES

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 wi