

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2000

OR

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

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER 333-85141

HUNTSMAN ICI CHEMICALS LLC
(EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER)

DELAWARE 87-0630358
(STATE OR OTHER JURISDICTION OF (I.R.S. EMPLOYER
INCORPORATION OR ORGANIZATION) IDENTIFICATION NO.)

500 HUNTSMAN WAY
SALT LAKE CITY, UTAH 84108
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (801) 584-5700

INDICATE BY A CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL
REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER
PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS
BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS.
YES NO

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

INDICATE BY CHECK MARK WHETHER THE REGISTRANT HAS FILED ALL DOCUMENTS
AND REPORTS REQUIRED TO BE FILED BY SECTION 12, 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934 SUBSEQUENT TO THE DISTRIBUTION OF
SECURITIES UNDER A PLAN CONFIRMED BY A COURT. YES NO

AT OCTOBER 31, 2000, 1000 MEMBER EQUITY UNITS OF HUNTSMAN ICI
CHEMICALS LLC WERE OUTSTANDING.

HUNTSMAN ICI CHEMICALS LLC AND SUBSIDIARIES

FORM 10-Q FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2000

TABLE OF CONTENTS

PAGE

Part I - Financial Information

Item 1 - Financial Statements
 Consolidated Condensed Balance Sheets.....2
 Consolidated Statements of Operations and
 Comprehensive Income.....3
 Consolidated Condensed Statements of Cash Flows.....5
 Footnotes to Interim Financial Statements.....6

Item 2 - Management's Discussion and Analysis of Financial
 Condition and Results of Operations.....17

Item 3 - Quantitative and Qualitative Disclosures about
 Market Risk.....21

Part II- Other Information

Item 6 - Exhibits and Reports on Form 8-K.....22

PART I

ITEM 1. FINANCIAL STATEMENTS

<TABLE>

<CAPTION>

HUNTSMAN ICI CHEMICALS LLC AND SUBSIDIARIES
 CONSOLIDATED CONDENSED BALANCE SHEETS
 (Millions of Dollars)

| | September 30, 2000 (Unaudited) | December 31, 1999 |
|--------------------------------------|-----------------------------------|-------------------|
| | ----- <C> | ----- <C> |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 103.1 | \$ 138.9 |
| Accounts and notes receivable, net | 657.0 | 629.4 |
| Inventories | 441.0 | 381.3 |
| Other current assets | 93.6 | 79.3 |
| | ----- | ----- |
| TOTAL CURRENT ASSETS | 1,294.7 | 1,228.9 |
| Properties, plant and equipment, net | 2,607.2 | 2,656.2 |
| Other noncurrent assets | 872.9 | 933.3 |
| | ----- | ----- |
| TOTAL ASSETS | \$ 4,774.8 | \$ 4,818.4 |
| | ===== | ===== |

LIABILITIES AND EQUITY

CURRENT LIABILITIES:

| | | |
|--|----------------|----------------|
| Accounts payable and accrued liabilities | \$ 702.2 | \$ 676.4 |
| Current portion of long-term debt | 66.9 | 51.7 |
| Other current liabilities | 32.4 | 44.1 |
| | ----- | ----- |
| TOTAL CURRENT LIABILITIES | 801.5 | 772.2 |
| Long-term debt | 2,437.8 | 2,453.3 |
| Other noncurrent liabilities | 445.1 | 480.9 |
| | ----- | ----- |
| TOTAL LIABILITIES | 3,684.4 | 3,706.4 |
| | ----- | ----- |

| | | |
|--------------------------------------|------------|------------|
| MINORITY INTERESTS | 9.2 | 8.0 |
| | ----- | ----- |
| EQUITY: | | |
| Members' equity, 1,000 units | 1,026.1 | 1,026.1 |
| Retained earnings | 213.9 | 80.6 |
| Accumulated other comprehensive loss | (158.8) | (2.7) |
| | ----- | ----- |
| TOTAL EQUITY | 1,081.2 | 1,104.0 |
| | ----- | ----- |
| TOTAL LIABILITIES AND EQUITY | \$ 4,774.8 | \$ 4,818.4 |
| | ===== | ===== |

SEE ACCOMPANYING NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
</TABLE>

<TABLE>
<CAPTION>

HUNTSMAN ICI CHEMICALS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)
(Millions of Dollars)

| | HSCC PREDECESSOR COMPANY | | | |
|---|----------------------------------|----------|--------------------|---------------|
| | THREE MONTHS ENDED SEPTEMBER 30, | | ----- | |
| | NINE MONTHS ENDED | | SIX MONTHS ENDED | |
| | 2000 | 1999 | SEPTEMBER 30, 2000 | JUNE 30, 1999 |
| | ----- | ----- | ----- | ----- |
| <S> | <C> | <C> | <C> | <C> |
| REVENUES: | | | | |
| Trade sales and services | \$ 999.5 | \$ 819.6 | \$ 2,956.8 | \$ 134.0 |
| Related party sales | 126.7 | 126.5 | 358.7 | 29.0 |
| Tolling fees | 10.7 | 12.8 | 31.0 | 29.0 |
| | ----- | ----- | ----- | ----- |
| TOTAL REVENUES | 1,136.9 | 958.9 | 3,346.5 | 192.0 |
| COST OF GOODS SOLD | 941.5 | 760.7 | 2,764.0 | 134.1 |
| | ----- | ----- | ----- | ----- |
| GROSS PROFIT | 195.4 | 198.2 | 582.5 | 57.9 |
| EXPENSES: | | | | |
| Selling, general and administrative | 73.0 | 65.0 | 205.2 | 3.2 |
| Research and development | 15.2 | 19.3 | 44.9 | 2.1 |
| | ----- | ----- | ----- | ----- |
| TOTAL EXPENSES | 88.2 | 84.3 | 250.1 | 5.3 |
| | ----- | ----- | ----- | ----- |
| OPERATING INCOME | 107.2 | 113.9 | 332.4 | 52.6 |
| INTEREST EXPENSE, NET | 56.0 | 52.4 | 165.0 | 18.1 |
| OTHER EXPENSE (INCOME), NET | | 0.7 | (0.5) | 2.4 |
| | ----- | ----- | ----- | ----- |
| INCOME BEFORE INCOME TAXES | | 50.5 | 62.0 | 165.0 |
| INCOME TAX EXPENSE | 8.7 | 7.9 | 21.6 | 13.1 |
| MINORITY INTERESTS IN SUBSIDIARIES | | 0.8 | 0.8 | 2.1 |
| | ----- | ----- | ----- | ----- |
| NET INCOME | 41.0 | 53.3 | 141.3 | 21.4 |
| Preferred stock dividends | | | | 2.2 |
| Net income available to common equity holders | 41.0 | 53.3 | 141.3 | 19.2 |
| Other comprehensive income (loss)- foreign currency translation adjustments | (74.1) | 22.5 | (156.1) | - |
| | ----- | ----- | ----- | ----- |
| COMPREHENSIVE INCOME (LOSS) | \$ (33.1) | \$ 75.8 | \$ (14.8) | \$ 19.2 |
| | ===== | ===== | ===== | ===== |

SEE ACCOMPANYING NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
</TABLE>

<TABLE>
<CAPTION>

HUNTSMAN ICI CHEMICALS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)
(Millions of Dollars)

| | MEMBERS' EQUITY | | ACCUMULATED OTHER | | TOTAL |
|--|-----------------|------------|-------------------|----------------------|------------|
| | UNITS | AMOUNT | RETAINED EARNINGS | COMPREHENSIVE INCOME | |
| <S> | <C> | <C> | <C> | <C> | <C> |
| Balance, January 1, 2000 | 1,000 | \$ 1,026.1 | \$ 80.6 | \$ (2.7) | \$ 1,104.0 |
| Net income | | 141.3 | | 141.3 | |
| Dividend | | (8.0) | | (8.0) | |
| Foreign currency translation adjustments | | | (156.1) | (156.1) | |
| Balance, September 30, 2000 | 1,000 | \$ 1,026.1 | \$ 213.9 | \$ (158.8) | \$ 1,081.2 |

SEE ACCOMPANYING NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
</TABLE>

<TABLE>
<CAPTION>

HUNTSMAN ICI CHEMICALS LLC AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)
(Millions of Dollars)

| | HSCC PREDECESSOR COMPANY | | |
|--|---|--|-----------------------------------|
| | NINE MONTHS ENDED SEPTEMBER 30, 2000 | THREE MONTHS ENDED SEPTEMBER 30, 1999 | SIX MONTHS ENDED JUNE 30, 1999 |
| <S> | <C> | <C> | <C> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | \$ 141.3 | \$ 53.3 | \$ 21.4 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 160.0 | 48.6 | 15.6 |
| Interest on subordinated note | | | 3.6 |
| Other non-cash adjustments to net income | 7.0 | 9.6 | 6.6 |
| Net changes in operating assets and liabilities | (112.1) | 23.4 | (6.7) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 196.2 | 134.9 | 40.5 |
| INVESTING ACTIVITIES: | | | |
| Purchase of businesses from Imperial Chemical Industries PLC ("ICI"), net of cash acquired | | (2,284.8) | |
| Purchase of business from BP Chemicals, Limited | | (116.6) | |
| Acquisition of other businesses | (146.9) | | |
| Capital expenditures | (125.4) | (44.0) | (4.0) |
| Cash received from unconsolidated affiliates | 7.5 | | |
| Advances to unconsolidated affiliates | (9.0) | (15.9) | |
| NET CASH USED IN INVESTING ACTIVITIES | (273.8) | (2,461.3) | (4.0) |

| | | | | |
|--|--------|------------|---------|--------|
| FINANCING ACTIVITIES: | | | | |
| Borrowings under senior credit facilities | 100.0 | 1,670.0 | | |
| Issuance of senior subordinated notes | | 807.0 | | |
| Debt issuance costs | | (74.3) | | |
| Cash contributions by parent | | 598.0 | | |
| Cash distributions to parent | (8.0) | (620.0) | | |
| Repayments of long-term debt | (38.1) | | (35.0) | |
| NET CASH USED IN FINANCING ACTIVITIES | | 53.9 | 2,380.7 | (35.0) |
| Effect of exchange rate changes on cash | (12.1) | 13.1 | - | |
| Increase (decrease) in cash and cash equivalents | (35.8) | 67.4 | 1.5 | |
| Cash and cash equivalents at beginning of period | 138.9 | - | 2.6 | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | \$ 103.1 | \$ 67.4 | \$ 4.1 |
| NON-CASH FINANCING AND INVESTING ACTIVITIES : | | | | |
| Non-cash capital contribution by parent | \$ - | \$ 1,053.0 | \$ - | |

SEE ACCOMPANYING NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
</TABLE>

HUNTSMAN ICI CHEMICALS LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

Effective June 30, 1999, pursuant to a contribution agreement and ancillary agreements between Huntsman ICI Holdings LLC ("Holdings"), Huntsman Specialty Chemicals Corporation ("HSCC"), Imperial Chemicals Industries PLC ("ICI") and Huntsman ICI Chemicals LLC ("Chemicals" or the "Company"), the Company acquired assets and stock representing ICI's polyurethane chemicals, selected petrochemicals (including ICI's 80% interest in the Wilton olefins facility) and titanium dioxide businesses and HSCC's propylene oxide business. In addition, the Company also acquired the remaining 20% ownership interest in the Wilton olefins facility from BP Chemicals, Limited ("BP Chemicals") (together, the "Transaction").

The Company manufactures products used in a wide variety of industrial and consumer-related applications. The Company's principal products are methylene diphenyl diisocyanate ("MDI"), propylene oxide ("PO"), methyl tertiary butyl ether ("MTBE"), ethylene, propylene, and titanium dioxide ("TiO2"). The Company is a wholly-owned subsidiary of Holdings.

The accompanying consolidated condensed financial statements of the Company are unaudited. However, in management's opinion, all adjustments, consisting only of normal recurring adjustments necessary for a fair presentation of results of operations, financial position and cash flows for the periods shown, have been made. Results for interim periods are not necessarily indicative of those to be expected for the full year. These financial statements should be read in conjunction with the audited financial statements and notes to consolidated financial statements included in the Company's 1999 annual report on form 10-K, filed with the Securities and Exchange Commission on March 22, 2000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 1999 amounts have been reclassified to conform to the 2000 presentation.

3. INVENTORIES

Inventories consist of the following (in millions):

| | September 30, 2000 | December 31, 1999 |
|------------------------|--------------------|-------------------|
| | ----- | ----- |
| Raw materials | \$ 127.6 | \$ 97.8 |
| Work in progress | 17.3 | 20.6 |
| Finished goods | 274.0 | 225.6 |
| | ----- | ----- |
| SUBTOTAL | 418.9 | 344.0 |
| Materials and supplies | 22.1 | 37.3 |
| | ----- | ----- |
| TOTAL | \$ 441.0 | \$ 381.3 |
| | ===== | ===== |

4. COMMITMENTS AND CONTINGENCIES

The Company is involved in litigation from time to time in the ordinary course of its business. In management's opinion, after consideration of indemnifications, none of such litigation is material to the Company's financial condition or results of operations. The Company has entered into various purchase commitments for materials and supplies in the ordinary course of business. These agreements extend from three to ten years and the purchase price is generally based on market prices subject to certain minimum price provisions.

5. ENVIRONMENTAL MATTERS

The operation of any chemical manufacturing plant, the distribution of chemical products and the related production of by-products and wastes, entail risk of adverse environmental effects. The Company is subject to extensive federal, state, local and foreign laws, regulations, rules and ordinances relating to pollution, the 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, the Company is subject continually to environmental inspections and monitoring by governmental enforcement authorities. The Company may incur substantial costs, including fines, damages and criminal or civil sanctions, or experience interruptions in our operations for actual or alleged violations arising under any environmental laws. In addition, production facilities require operating permits that are subject to renewal, modification and, in some circumstances, revocation. Violations of permit requirements can also result in restrictions or prohibitions on plant operations, substantial fines and civil or criminal sanctions. The Company's operations involve the generation, handling, transportation, use and disposal of numerous hazardous substances. Changes in regulations regarding the generation, handling, transportation, use and disposal of hazardous substances could inhibit or interrupt operations and have a material adverse effect on business. From time to time, these operations may result in violations under environmental laws, including spills or other releases of hazardous substances to the environment. In the event of a catastrophic incident, the Company could incur material costs as a result of addressing and implementing measures to prevent such incidents. Given the nature of the Company's business, there can be no assurance that violations of environmental laws will not result in restrictions imposed on the Company's operating activities, substantial fines, penalties, damages or other costs. In addition, potentially significant expenditures could be necessary in order to comply with existing or future environmental laws. In management's opinion, after consideration of indemnifications, there are no environmental matters which are material to the company's financial

condition or results of operations.

6. INDUSTRY SEGMENT AND GEOGRAPHIC AREA INFORMATION

The Company derives its revenues, earnings and cash flows from the manufacture and sale of a wide variety of specialty and commodity chemical products. The Company manages its businesses in three segments, Specialty Chemicals (the former ICI polyurethanes business and HSCC's propylene oxide business); Petrochemicals (the petrochemicals businesses acquired from ICI and BP Chemicals); and Tioxide (the titanium dioxide business acquired from ICI).

The major products of each business group are as follows:

| SEGMENT | PRODUCTS |
|---------------------|--|
| Specialty Chemicals | MDI, toluene diisocyanate, thermoplastic polyurethane, polyols, aniline, PO and MTBE |
| Petrochemicals | Ethylene, propylene, benzene, cyclohexane and paraxylene |
| Tioxide | TiO ₂ |

Sales between segments are generally recognized at external market prices. For the three and nine months ended September 30, 2000, sales to ICI and its affiliates accounted for approximately 8% of consolidated revenues.

<TABLE>
<CAPTION>

| | HSCC PREDECESSOR COMPANY | | | | |
|---|-------------------------------------|-----------------|------------------------------------|-----------------|------------------------------|
| | THREE MONTHS ENDED SEPTEMBER 30, | | NINE MONTHS ENDED SEPTEMBER 30, | | SIX MONTHS ENDED JUNE 30, |
| | 2000 | 1999 | 2000 | 1999 | |
| <S> | <C> | <C> | <C> | <C> | |
| NET SALES: | | | | | |
| Specialty Chemicals | \$ 549.1 | \$ 466.0 | \$ 1,589.3 | \$ 192.0 | |
| Petrochemicals | 371.9 | 257.3 | 1,093.2 | | |
| Tioxide | 243.3 | 254.8 | 740.5 | | |
| Sales between segments, Petrochemicals sales to Specialty Chemicals | (27.4) | (19.2) | (76.5) | | |
| TOTAL | \$ 1,136.9 | \$ 958.9 | \$ 3,346.5 | \$ 192.0 | |
| OPERATING INCOME: | | | | | |
| Specialty Chemicals | \$ 44.3 | \$ 71.0 | \$ 173.3 | \$ 52.6 | |
| Petrochemicals | 13.9 | 7.4 | 35.3 | | |
| Tioxide | 49.0 | 35.5 | 123.8 | | |
| TOTAL | \$ 107.2 | \$ 113.9 | \$ 332.4 | \$ 52.6 | |
| EBITDA (1): | | | | | |
| Specialty Chemicals | \$ 76.8 | \$ 98.7 | \$ 265.1 | \$ 68.2 | |
| Petrochemicals | 24.5 | 17.3 | 69.3 | | |
| Tioxide | 57.9 | 47.0 | 155.6 | | |
| TOTAL EBITDA | 159.2 | 163.0 | 490.0 | 68.2 | |
| Depreciation & amortization | (52.7) | (48.6) | (160.0) | (15.6) | |
| Interest expense, net | (56.0) | (52.4) | (165.0) | (18.1) | |
| INCOME BEFORE INCOME TAXES | \$ 50.5 | \$ 62.0 | \$ 165.0 | \$ 34.5 | |

(1) EBITDA is defined as earnings from continuing operations before interest expense, depreciation and amortization, and taxes.

</TABLE>

7. CONSOLIDATING CONDENSED FINANCIAL STATEMENTS

The following are consolidating condensed financial statements which present, in separate columns: Chemicals carrying its investment in subsidiaries under the equity method; the Guarantors on a combined, or where appropriate, consolidated basis, carrying its investment in the Non-Guarantors under the equity method; and the Non-Guarantors on a consolidated basis. Additional columns present eliminating adjustments and consolidated totals as of September 30, 2000 and December 31, 1999 and for the three and nine months ended September 30, 2000 and for the three months ended September 30, 1999. There are no restrictions limiting transfers of cash from guarantor and non-guarantor subsidiaries to Chemicals. The Combined Guarantors are wholly owned subsidiaries of Chemicals and have fully and unconditionally guaranteed the Senior Subordinated Notes on a joint and several basis. The Company has not presented separate financial statements and other disclosures concerning the Combined Guarantors because management has determined that such information is not material to investors.

<TABLE>

<CAPTION>

HUNTSMAN ICI CHEMICALS LLC
CONSOLIDATING CONDENSED BALANCE SHEETS
SEPTEMBER 30, 2000
(UNAUDITED)
(MILLIONS OF DOLLARS)

| | PARENT ONLY HUNTSMAN ICI CHEMICALS | | NON- GUARANTORS | | CONSOLIDATED HUNTSMAN ELIMINATIONS | | ICI CHEMICALS |
|--|--|------------|--------------------|--------------|--|---------|---------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | |
| ASSETS | | | | | | | |
| CURRENT ASSETS: | | | | | | | |
| Cash and cash equivalents | \$ 3.6 | \$ - | \$ 99.5 | \$ - | \$ 103.1 | | |
| Accounts and notes receivables, net | 188.9 | 33.5 | 505.5 | (70.9) | 657.0 | | |
| Inventories | 47.0 | 50.1 | 343.9 | - | 441.0 | | |
| Other current assets | 15.7 | 82.8 | 102.5 | (107.4) | 93.6 | | |
| TOTAL CURRENT ASSETS | | 255.2 | 166.4 | 1,051.4 | (178.3) | 1,294.7 | |
| Properties, plant and equipment, net | 573.6 | 363.0 | 1,670.6 | - | 2,607.2 | | |
| Investment in unconsolidated affiliates | 2,662.2 | 765.1 | 1.3 | (3,271.7) | 156.9 | | |
| Other noncurrent assets | 350.6 | 1,432.1 | 275.3 | (1,342.0) | 716.0 | | |
| TOTAL ASSETS | \$ 3,841.6 | \$ 2,726.6 | \$ 2,998.6 | \$ (4,792.0) | \$ 4,774.8 | | |
| LIABILITIES AND EQUITY | | | | | | | |
| CURRENT LIABILITIES: | | | | | | | |
| Accounts payable and accrued liabilities | \$ 151.0 | \$ 54.2 | \$ 601.5 | \$ (104.5) | \$ 702.2 | | |
| Current portion of long-term debt | 57.5 | - | 9.4 | - | 66.9 | | |
| Other current liabilities | 69.6 | 10.8 | 25.8 | (73.8) | 32.4 | | |
| TOTAL CURRENT LIABILITIES | | 278.1 | 65.0 | 636.7 | (178.3) | 801.5 | |
| Long-term debt | 2,435.2 | - | 1,344.6 | (1,342.0) | 2,437.8 | | |
| Other noncurrent liabilities | 47.1 | 3.9 | 394.1 | - | 445.1 | | |
| TOTAL LIABILITIES | | 2,760.4 | 68.9 | 2,375.4 | (1,520.3) | 3,684.4 | |
| MINORITY INTERESTS | | - | - | 9.2 | - | 9.2 | |

EQUITY:

| | | | | | |
|--------------------------------------|----------------|----------------|--------------|------------------|----------------|
| Members' equity, 1,000 units | 1,026.1 | - | - | - | 1,026.1 |
| Subsidiary equity | 2,577.7 | 572.9 | (3,150.6) | - | |
| Retained earnings | 213.9 | 309.9 | 115.6 | (425.5) | 213.9 |
| Accumulated other comprehensive loss | (158.8) | (229.9) | (74.5) | 304.4 | (158.8) |
| TOTAL EQUITY | 1,081.2 | 2,657.7 | 614.0 | (3,271.7) | 1,081.2 |

TOTAL LIABILITIES AND EQUITY \$ 3,841.6 \$ 2,726.6 \$ 2,998.6 \$ (4,792.0) \$ 4,774.8

</TABLE>

<TABLE>

<CAPTION>

HUNTSMAN ICI CHEMICALS LLC
CONSOLIDATING CONDENSED BALANCE SHEETS
DECEMBER 31, 1999
(UNAUDITED)
(MILLIONS OF DOLLARS)

| | PARENT ONLY HUNTSMAN ICI CHEMICALS | | NON- GUARANTORS | | CONSOLIDATED HUNTSMAN ELIMINATIONS | | ICI CHEMICALS |
|--|--|-------------------|--------------------|---------------------|--|-----|---------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| ASSETS | | | | | | | |
| CURRENT ASSETS: | | | | | | | |
| Cash and cash equivalents | \$ 9.0 | \$ 0.2 | \$ 129.7 | \$ - | \$ 138.9 | | |
| Accounts and notes receivables, net | 189.9 | 33.0 | 406.5 | - | 629.4 | | |
| Inventories | 47.6 | 16.5 | 317.2 | - | 381.3 | | |
| Other current assets | 13.0 | 5.1 | 61.2 | - | 79.3 | | |
| TOTAL CURRENT ASSETS | 259.5 | 54.8 | 914.6 | - | 1,228.9 | | |
| Properties, plant and equipment, net | 828.6 | 0.3 | 1,827.3 | - | 2,656.2 | | |
| Investment in unconsolidated affiliates | 2,239.2 | 720.0 | 0.9 | (2,771.2) | 188.9 | | |
| Other noncurrent assets | 502.4 | 1,470.6 | 263.0 | (1,491.6) | 744.4 | | |
| TOTAL ASSETS | \$ 3,829.7 | \$ 2,245.7 | \$ 3,005.8 | \$ (4,262.8) | \$ 4,818.4 | | |
| LIABILITIES AND EQUITY | | | | | | | |
| CURRENT LIABILITIES: | | | | | | | |
| Accounts payable and accrued liabilities | \$ 189.5 | \$ 18.8 | \$ 468.1 | \$ - | \$ 676.4 | | |
| Current portion of long-term debt | 36.3 | - | 15.4 | - | 51.7 | | |
| Other current liabilities | - | 12.5 | 31.6 | - | 44.1 | | |
| TOTAL CURRENT LIABILITIES | 225.8 | 31.3 | 515.1 | - | 772.2 | | |
| Long-term debt | 2,451.4 | - | 1,493.5 | (1,491.6) | 2,453.3 | | |
| Other noncurrent liabilities | 48.5 | 4.4 | 428.0 | - | 480.9 | | |
| TOTAL LIABILITIES | 2,725.7 | 35.7 | 2,436.6 | (1,491.6) | 3,706.4 | | |
| MINORITY INTERESTS | - | - | 8.0 | - | 8.0 | | |
| EQUITY: | | | | | | | |
| Members' equity, 1,000 units | 1,026.1 | - | - | - | 1,026.1 | | |
| Subsidiary equity | - | 2,126.8 | 553.6 | (2,680.4) | - | | |
| Retained earnings | 80.6 | 98.7 | 21.9 | (120.6) | 80.6 | | |
| Accumulated other comprehensive | | | | | | | |

| | | | | | | |
|------------------------------|------------|------------|------------|--------------|------------|--|
| loss | (2.7) | (15.5) | (14.3) | 29.8 | (2.7) | |
| TOTAL EQUITY | 1,104.0 | 2,210.0 | 561.2 | (2,771.2) | 1,104.0 | |
| TOTAL LIABILITIES AND EQUITY | \$ 3,829.7 | \$ 2,245.7 | \$ 3,005.8 | \$ (4,262.8) | \$ 4,818.4 | |

</TABLE>

<TABLE>
<CAPTION>

HUNTSMAN ICI CHEMICALS LLC
CONSOLIDATING CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
THREE MONTHS ENDED SEPTEMBER 30, 2000
(UNAUDITED)
(MILLIONS OF DOLLARS)

| | PARENT ONLY HUNTSMAN ICI CHEMICALS | NON- GUARANTORS | NON- GUARANTORS | CONSOLIDATED HUNTSMAN ELIMINATIONS | ICI CHEMICALS |
|---|--|--------------------|--------------------|--|---------------|
| <S> | <C> | <C> | <C> | <C> | <C> |
| REVENUES: | | | | | |
| Trade sales and services | \$ 276.9 | \$ 48.0 | \$ 674.6 | \$ - | \$ 999.5 |
| Related party sales | 54.9 | 12.7 | 131.1 | (72.0) | 126.7 |
| Tolling fees | 10.7 | - | - | 10.7 | |
| TOTAL REVENUE | 342.5 | 60.7 | 805.7 | (72.0) | 1,136.9 |
| COST OF GOODS SOLD | 278.0 | 51.8 | 683.7 | (72.0) | 941.5 |
| GROSS PROFIT | 64.5 | 8.9 | 122.0 | - | 195.4 |
| EXPENSES: | | | | | |
| Selling, general and administrative | 24.3 | 1.4 | 47.3 | - | 73.0 |
| Research and development | 11.8 | - | 3.4 | - | 15.2 |
| TOTAL EXPENSES | 36.1 | 1.4 | 50.7 | - | 88.2 |
| OPERATING INCOME | 28.4 | 7.5 | 71.3 | - | 107.2 |
| INTEREST EXPENSE (INCOME), NET | | 59.4 | (32.6) | 29.2 | - 56.0 |
| EQUITY IN EARNINGS OF UNCONSOLIDATED AFFILIATES | 71.1 | 31.0 | - | (102.1) | - |
| OTHER EXPENSE (INCOME) | | (0.9) | - | 1.6 | - 0.7 |
| INCOME BEFORE INCOME TAXES | | 41.0 | 71.1 | 40.5 | - 50.5 |
| INCOME TAX EXPENSE | | - | 8.7 | - | 8.7 |
| MINORITY INTERESTS IN SUBSIDIARIES | | - | - | 0.8 | - 0.8 |
| NET INCOME | 41.0 | 71.1 | 31.0 | (102.1) | 41.0 |
| Other comprehensive loss - foreign currency translation adjustments | (74.1) | (108.2) | (30.2) | 138.4 | (74.1) |
| COMPREHENSIVE (LOSS) INCOME | \$ (33.1) | \$ (37.1) | \$ 0.8 | \$ 36.3 | \$ (33.1) |

</TABLE>

<TABLE>
<CAPTION>

HUNTSMAN ICI CHEMICALS LLC
CONSOLIDATING CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

THREE MONTHS ENDED SEPTEMBER 30, 1999
(UNAUDITED)
(MILLIONS OF DOLLARS)

| | PARENT ONLY HUNTSMAN ICI CHEMICALS | | NON- GUARANTORS | | CONSOLIDATED HUNTSMAN ELIMINATIONS | | ICI CHEMICALS |
|---|--|----------|--------------------|------------|--|-------|---------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| REVENUES: | | | | | | | |
| Trade sales and services | \$ 236.8 | \$ 51.0 | \$ 531.8 | \$ - | \$ 819.6 | | |
| Related party sales | 43.5 | 7.3 | 273.1 | (197.4) | 126.5 | | |
| Tolling fees | 12.8 | - | - | - | 12.8 | | |
| TOTAL REVENUE | 293.1 | 58.3 | 804.9 | (197.4) | 958.9 | | |
| COST OF GOODS SOLD | 190.0 | 52.5 | 715.6 | (197.4) | 760.7 | | |
| GROSS PROFIT | 103.1 | 5.8 | 89.3 | - | 198.2 | | |
| EXPENSES: | | | | | | | |
| Selling, general and administrative | 41.7 | 0.1 | 23.2 | - | 65.0 | | |
| Research and development | 12.6 | - | 6.7 | - | 19.3 | | |
| TOTAL EXPENSES | 54.3 | 0.1 | 29.9 | - | 84.3 | | |
| OPERATING INCOME | 48.8 | 5.7 | 59.4 | - | 113.9 | | |
| INTEREST EXPENSE (INCOME), NET | | 53.2 | (31.0) | 30.2 | - | 52.4 | |
| EQUITY IN EARNINGS OF UNCONSOLIDATED AFFILIATES | 57.7 | 22.2 | - | (79.9) | - | | |
| OTHER EXPENSE (INCOME) | | - | 0.6 | (1.1) | - | (0.5) | |
| INCOME BEFORE INCOME TAXES | | 53.3 | 58.3 | 30.3 | (79.9) | 62.0 | |
| INCOME TAX EXPENSE | - | 0.6 | 7.3 | - | 7.9 | | |
| MINORITY INTERESTS IN SUBSIDIARIES | | - | - | 0.8 | - | 0.8 | |
| NET INCOME | 53.3 | 57.7 | 22.2 | (79.9) | 53.3 | | |
| Other comprehensive income - foreign currency translation adjustments | 22.5 | 47.1 | 14.5 | (61.6) | 22.5 | | |
| COMPREHENSIVE INCOME | \$ 75.8 | \$ 104.8 | \$ 36.7 | \$ (141.5) | \$ 75.8 | | |

</TABLE>

<TABLE>
<CAPTION>

HUNTSMAN ICI CHEMICALS LLC
CONSOLIDATING CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2000
(UNAUDITED)
(MILLIONS OF DOLLARS)

| | PARENT ONLY HUNTSMAN ICI CHEMICALS | | NON- GUARANTORS | | CONSOLIDATED HUNTSMAN ELIMINATIONS | | ICI CHEMICALS |
|--------------------------|--|----------|--------------------|---------|--|-----|---------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| REVENUES: | | | | | | | |
| Trade sales and services | \$ 816.8 | \$ 145.8 | \$ 1,994.2 | \$ - | \$ 2,956.8 | | |
| Related party sales | 142.5 | 33.5 | 370.7 | (188.0) | 358.7 | | |
| Tolling fees | 31.0 | - | - | - | 31.0 | | |

| | | | | | | |
|---|-----------|----------|---------|-----------|-----------|-------|
| TOTAL REVENUE | 990.3 | 179.3 | 2,364.9 | (188.0) | 3,346.5 | |
| COST OF GOODS SOLD | 772.2 | 150.1 | 2,029.7 | (188.0) | 2,764.0 | |
| GROSS PROFIT | 218.1 | 29.2 | 335.2 | - | 582.5 | |
| EXPENSES: | | | | | | |
| Selling, general and administrative | 84.4 | 8.8 | 112.0 | - | 205.2 | |
| Research and development | 33.8 | - | 11.1 | - | 44.9 | |
| TOTAL EXPENSES | 118.2 | 8.8 | 123.1 | - | 250.1 | |
| OPERATING INCOME | 99.9 | 20.4 | 212.1 | - | 332.4 | |
| INTEREST EXPENSE (INCOME), NET | | 170.8 | (97.1) | 91.3 | - | 165.0 |
| EQUITY IN EARNINGS OF UNCONSOLIDATED AFFILIATES | 211.2 | 93.7 | - | (304.9) | - | |
| OTHER EXPENSE (INCOME) | (1.0) | - | 3.4 | - | 2.4 | |
| INCOME BEFORE INCOME TAXES | | 141.3 | 211.2 | 117.4 | (304.9) | 165.0 |
| INCOME TAX EXPENSE | - | - | 21.6 | - | 21.6 | |
| MINORITY INTERESTS IN SUBSIDIARIES | - | - | - | 2.1 | - | 2.1 |
| NET INCOME | 141.3 | 211.2 | 93.7 | (304.9) | 141.3 | |
| Other comprehensive loss - foreign currency translation adjustments | (156.1) | (214.4) | (60.2) | 274.6 | (156.1) | |
| COMPREHENSIVE INCOME (LOSS) | \$ (14.8) | \$ (3.2) | \$ 33.5 | \$ (30.3) | \$ (14.8) | |

</TABLE>

<TABLE>
<CAPTION>

HUNTSMAN ICI CHEMICALS LLC
CONSOLIDATING CONDENSED STATEMENTS OF CASH FLOW
NINE MONTHS ENDED SEPTEMBER 30, 2000
(UNAUDITED)
(MILLIONS OF DOLLARS)

| | PARENT ONLY HUNTSMAN ICI CHEMICALS | NON- GUARANTORS | NON- GUARANTORS | CONSOLIDATED HUNTSMAN ELIMINATIONS | ICI CHEMICALS |
|--|--|--------------------|--------------------|--|---------------|
| <S> | <C> | <C> | <C> | <C> | <C> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ (44.2) | \$ 110.7 | \$ 129.7 | \$ - | \$ 196.2 |
| INVESTING ACTIVITIES: | | | | | |
| Acquisition of businesses | (132.9) | | (14.0) | | (146.9) |
| Cash received from unconsolidated affiliates | 7.5 | | | 7.5 | |
| Advances to unconsolidated affiliates | (9.0) | | | | (9.0) |
| Capital expenditures | (28.3) | (0.8) | (96.3) | | (125.4) |
| NET CASH USED IN INVESTING ACTIVITIES | | (170.2) | 6.7 | (110.3) | - (273.8) |

FINANCING ACTIVITIES:

| | | | | | |
|---|---------|---------|-------|---------|--------|
| Borrowings under senior credit facility | 100.0 | | | | 100.0 |
| Repayments of long-term debt | (35.7) | | (2.4) | | (38.1) |
| Cash contributions by parent | | 203.5 | 19.2 | (222.7) | - |
| Cash distributions from subsidiaries | 222.1 | | | (222.1) | - |
| Cash distributions to parent | (8.0) | (222.1) | | 222.1 | (8.0) |
| Cash distributions to subsidiaries | (203.5) | (19.2) | | 222.7 | - |

| | | | | | |
|--|--------|---------|---------|------|----------|
| Intercompany advances - net of repayments | 134.1 | (79.8) | (54.3) | - | |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 209.0 | (117.6) | (37.5) | - | 53.9 |
| Effect of exchange rate changes on cash | - | - | (12.1) | - | (12.1) |
| Decrease in cash and cash equivalents | (5.4) | (0.2) | (30.2) | - | (35.8) |
| Cash and cash equivalents at beginning of period | 9.0 | 0.2 | 129.7 | - | 138.9 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | \$ 3.6 | \$ - | \$ 99.5 | \$ - | \$ 103.1 |

</TABLE>

<TABLE>
<CAPTION>

HUNTSMAN ICI CHEMICALS LLC
CONSOLIDATING CONDENSED STATEMENTS OF CASH FLOW
THREE MONTHS ENDED SEPTEMBER 30, 1999
(UNAUDITED)
(MILLIONS OF DOLLARS)

| | PARENT ONLY HUNTSMAN ICI CHEMICALS | | NON- GUARANTORS | | CONSOLIDATED HUNTSMAN ELIMINATIONS | | ICI CHEMICALS |
|---|--|---------|--------------------|------------|--|-------|---------------|
| | <C> | <C> | <C> | <C> | <C> | | |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 55.7 | \$ 4.5 | \$ 222.0 | \$ (147.3) | \$ 134.9 | | |
| Investing activities: | | | | | | | |
| Purchase of businesses from ICI, net of cash acquired | (551.7) | (322.2) | (1,410.9) | | (2,284.8) | | |
| Purchase of business from BP chemicals | | (116.6) | | | (116.6) | | |
| Advances to unconsolidated affiliates | | (15.9) | | | (15.9) | | |
| Capital expenditures | (17.2) | | (26.8) | | (44.0) | | |
| NET CASH USED IN INVESTING ACTIVITIES | | | (701.4) | (322.2) | (1,437.7) | - | (2,461.3) |
| Financing Activities: | | | | | | | |
| Borrowings under senior credit facilities | | 1,670.0 | | | 1,670.0 | | |
| Issuance of senior subordinated notes | | 807.0 | | | 807.0 | | |
| Debt issuance costs | (74.3) | | | | (74.3) | | |
| Cash contributions by parent | 598.0 | 1,710.0 | 0.7 | (1,710.7) | 598.0 | | |
| Cash distributions to parent | (620.0) | | | | (620.0) | | |
| Cash distributions to subsidiaries | (1,710.7) | (147.3) | | 1,858.0 | - | | |
| Intercompany advances - net of repayments | | (14.7) | (1,245.0) | 1,259.7 | | | |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | | | 655.3 | 317.7 | 1,260.4 | 147.3 | 2,380.7 |
| Effect of exchange rate changes on cash | - | - | 13.1 | - | 13.1 | | |
| Increase in cash and cash equivalents | 9.6 | - | 57.8 | - | 67.4 | | |
| Cash and cash equivalents at beginning of period | - | - | - | - | - | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | \$ 9.6 | \$ - | \$ 57.8 | \$ - | \$ 67.4 | | |
| NON-CASH FINANCING AND INVESTING ACTIVITIES: | | | | | | | |
| Non-cash capital contribution by parent | \$ 1,053.0 | \$ | \$ | \$ | 0.0 | | |

</TABLE>

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

Cautionary Statement for Forward Looking Information

Certain information set forth in this report contains "forward-looking statements" within the meaning of 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 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," or "anticipates", 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.

Three and Nine Months Ended September 30, 2000 Compared to Three Months Ended September 30, 1999 and Pro Forma Nine Months Ended September 30, 1999.

In order to present data which is useful for comparative purposes, the following tabular data for 2000 and pro forma 1999 and related discussion, have been prepared as if the Transaction (excluding the acquisition of 20% of the Wilton olefins facility in June 1999 from BP Chemicals) had taken place in January 1999. These results do not necessarily reflect the results which would have been obtained if the Transaction actually occurred on the date indicated, or the results which may be expected in the future.

| | (Millions of Dollars) | | | |
|--|-----------------------|--------|-------------------|----------|
| | Three months ended | | Nine months ended | |
| | September 30, | | September 30, | |
| | 2000 | 1999 | 2000 | 1999 |
| | (PRO FORMA) | | | |
| Specialty Chemicals sales | \$ 549 | \$ 466 | \$ 1,589 | \$ 1,359 |
| Petrochemicals sales | 345 | 238 | 1,017 | 728 |
| Tioxide sales | 243 | 255 | 740 | 745 |
| Total revenues | 1,137 | 959 | 3,346 | 2,832 |
| Cost of goods sold | 942 | 761 | 2,764 | 2,262 |
| Gross profit | 195 | 198 | 582 | 570 |
| Expenses of selling, general, administrative, research and development | 88 | 84 | 250 | 288 |
| Operating income | 107 | 114 | 332 | 282 |
| Interest expense, net | 56 | 52 | 165 | 168 |
| Other expense (income) | 1 | - | 2 | (1) |
| Net income before income taxes and minority interest | 50 | 62 | 165 | 115 |
| Income tax expense | 8 | 8 | 22 | 18 |
| Minority interests in subsidiaries | 1 | 1 | 2 | 1 |
| Net income | \$ 41 | \$ 53 | \$ 141 | \$ 96 |
| Depreciation and amortization | \$ 53 | \$ 49 | \$ 160 | \$ 137 |
| EBITDA (1) | \$ 159 | \$ 163 | \$ 490 | \$ 420 |
| Net reduction in corporate overhead | | | | |

| | | | | |
|------------------------------------|----|-----|----|-----|
| allocation and insurance expenses | | | | 11 |
| Rationalization of TiO2 operations | | | | 5 |
| Adjusted EBITDA | \$ | 159 | \$ | 163 |
| | \$ | 490 | \$ | 436 |

(1) EBITDA is defined as earnings from continuing operations before interest expense, depreciation and amortization, and taxes. EBITDA is included in this report because it is a basis on which we assess our financial performance and debt service capabilities, and because certain covenants in our borrowing arrangements are tied to similar measures. However, EBITDA should not be considered in isolation or viewed as a substitute for cash flow from operations, net income or other measures of performance as defined by GAAP or as a measure of a company's profitability or liquidity. We understand that while EBITDA is frequently used by security analysts, lenders and others in their evaluation of companies, EBITDA as used herein is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation.

RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2000 COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 1999.

REVENUES. Revenues for the three months ended September 30, 2000 increased by \$178 million, or 19%, to \$1,137 million from \$959 million during the same period in 1999.

Specialty Chemicals - Total MDI sales volumes increased by 31% compared to the 1999 period. In the Americas, sales volumes grew by 17% following completion of the MDI expansion project at our Geismar, Louisiana facility which occurred in the first quarter of 2000. European sales volumes grew by 31% due to strong demand. A strong recovery in the Asian economies led to a 99% increase in sales volumes in that region. Polyol sales volumes grew by 27% with the increase primarily attributable to the European region. PO and MTBE sales volumes decreased due to an unscheduled plant shutdown in September, which was resolved in October. Average sales prices of MTBE increased by 45% compared to the 1999 period due largely to higher gasoline prices. These gains were partially offset by declines in average selling prices for MDI and polyols compared to the same period in 1999, a substantial portion of which was due to a weakening in the value of the Euro versus the U.S. dollar.

Petrochemicals - Sales volumes of the Company's primary olefins, ethylene and propylene, increased by 9% and 8%, respectively. In aromatics, paraxylene and cyclohexane sales volumes increased by 21% and 23% respectively. These increases were attributable to strong customer demand. Average ethylene selling prices rose 39%, average propylene selling prices rose by 67%, average cyclohexane selling prices rose by 58% and average paraxylene selling prices rose by 49% due to higher feedstock prices and improved market conditions.

Tioxide - Sales volumes declined by 5% compared to the 1999 period. 1999 sales benefitted from a reduction in finished goods inventory. Average selling prices increased by 2%, higher local currency selling prices were partially offset by the Euro's continued weakening against the U.S. dollar.

GROSS PROFIT. Gross profit for the three months ended September 30, 2000 decreased by \$3 million, or 2%, to \$195 million from \$198 million during the same period in 1999.

Specialty Chemicals - MDI and polyols benefited from increased sales volumes. However, this benefit was more than offset by a substantial increase in prices for their major raw material, benzene. The decreased gross profit in PO was attributable to an increase in the cost of PO's major raw materials, propylene, methanol and isobutane. The higher cost of PO's raw materials was primarily a result of higher crude oil and crude oil derivative prices.

Petrochemicals - Gross profit improved over the same period in 1999, due to higher sales volumes and higher average selling prices. These increases

were partially offset by higher feedstock prices.

Tioxide -Gross profit improved over the same period in 1999 due mainly to lower production costs resulting from Tioxide's ongoing manufacturing excellence program. The adverse impact of exchange rates on selling prices has been partially offset by a favorable impact on local currency operating costs.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (INCLUDING RESEARCH AND DEVELOPMENT EXPENSES). Selling, general and administrative expenses (including research and development expenses) ("SG&A") in the three months ended September 30, 2000 increased by \$4 million, or 5%, to \$88 million from \$84 million for the same period in 1999.

INTEREST EXPENSE. Net interest expense in the three months ended September 30, 2000 increased by \$4 million to \$56 million from \$52 million during the same period in 1999 due to an increase in interest rates.

INCOME TAXES. The effective income tax rate increased in the three months ended September 30, 2000 from the same period in 1999, due to a greater share of income being earned outside the U.S., which income is subject to local income tax.

NET INCOME. Net income in the three months ended September 30, 2000 decreased by \$12 million to \$41 million from \$53 million during the same period in 1999 as a result of the factors discussed above.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000 COMPARED TO THE PRO FORMA NINE MONTHS ENDED SEPTEMBER 30, 1999.

REVENUES. Revenues for the nine months ended September 30, 2000 increased by \$514 million, or 18%, to \$3,346 million from \$2,832 million during the same period in 1999.

Specialty Chemicals - Total MDI sales volumes increased by 22% compared to the 1999 period. In the Americas, sales volumes grew by 15% following the completion of the MDI expansion project at our Geismar, Louisiana facility. European sales volumes grew by 23% due to strong demand. A strong recovery in the Asian economies led to an increase in sales volumes of 47% in that region. Polyol sales volumes grew by 23% with the increase attributable to the European and U.S. regions. PO sales volumes increased 10% as a result of higher sales to polyol customers. Average sales prices of MTBE in the nine months ended September 30, 2000 increased by 68% compared to the 1999 period due largely to higher gasoline prices. These gains were partially offset by declines in average selling prices for MDI and polyols compared to the same period in 1999, a substantial portion of which was due to a weakening in the value of the Euro versus the U.S. dollar.

Petrochemicals - Sales volumes of the Company's primary olefins, ethylene and propylene, increased by 39% and 26%, respectively. In addition to the volume attributable to the 20% of the olefins facility acquired from BP Chemicals on June 30, 1999, increases were attributable to increased customer demand. In aromatics, paraxylene and cyclohexane sales volumes rose by 13% and 8% respectively. Average ethylene selling prices rose 56%, average propylene selling prices rose 77%, average cyclohexane selling prices rose 50% and average paraxylene selling prices rose 54% due to higher feedstock prices and improved market conditions. Revenues for nine months ended September 30, 1999 included \$160 million relating to crude oil trading. This activity was discontinued following the consummation of the Transaction.

Tioxide - Sales volume was relatively unchanged in 2000 compared to the 1999. While local currency selling prices rose in the North American, Asian and South African markets, these increases were more than offset by a decline in European prices resulting from the Euro's continued weakening against the U.S. dollar.

GROSS PROFIT. Gross profit for the nine months ended September 30, 2000 increased by \$12 million, or 2%, to \$582 million from \$570 million during the same period in 1999.

Specialty Chemicals - MDI and polyols benefited from increased sales volumes, however, this benefit was more than offset by an increase in prices for their major raw materials for MDI, benzene and chlorine. The decreased gross profit in PO was attributable to an increase in the cost of PO's major raw materials, isobutane, methanol and propylene which more than offset higher PO sales to polyol customers and increased MTBE selling prices compared to 1999.

Petrochemicals - Gross profit improved over the same period in 1999, due to the effect of higher sales volumes. In addition, higher sales prices were only partially offset by higher feedstock prices.

Tioxide - The adverse impact of exchange rates on gross profit was more than offset by both the general increase in local selling prices and fixed production cost savings as a result of Tioxide's ongoing manufacturing excellence program.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (INCLUDING RESEARCH AND DEVELOPMENT EXPENSES). Selling, general and administrative expenses (including research and development expenses) ("SG&A") in the nine months ended September 30, 2000 decreased by \$38 million, or 13%, to \$250 million from \$288 million for the same period in 1999. The decrease was primarily a result of one-time expenses relating to restructuring and pension costs incurred in the nine months ended September 30, 1999. SG&A expenses also decreased as a result of ongoing restructuring activities and lower corporate overhead allocations following the Transaction.

INTEREST EXPENSE. Net interest expense in the nine months ended September 30, 2000 was relatively unchanged from the same period in 1999.

INCOME TAXES. The effective income tax rate declined in the nine months ended September 30, 2000 from the same period in 1999, due to a greater share of income being earned in the U.S., which is not subject to U.S. federal income tax at the Company level.

NET INCOME. Net income in the nine months ended September 30, 2000 increased by \$45 million to \$141 million from \$96 million during the same period in 1999 as a result of the factors discussed above.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2000, we had \$100 million of outstanding borrowings under our \$400 million revolving credit facility and had approximately \$103 million in cash balances. We also maintain \$80 million of short-term overdraft facilities, of which \$77 million was available on September 30, 2000. We anticipate that borrowings under the credit facilities and cash flow from operations will be sufficient for us to make required payments of principal and interest on our debt when due, as well as to fund capital expenditures.

RECENTLY ISSUED FINANCIAL ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No.133 as amended by SFAS NO.138 Accounting for Certain Derivative Instruments and Certain Hedging Activities, established accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as assets or liabilities in the balance sheet and measure those instruments at fair value. SFAS No.133 is effective for financial statements for the year ending December 31, 2001. The Company is currently evaluating the effects of SFAS No.133 on its financial statements.

RECENT EVENT

On August 31, 2000, we acquired the assets which comprised the Rohm and Haas Company global thermoplastic polyurethanes business for a total purchase price of approximately \$120 million. The acquired business operates manufacturing facilities located in Osnabruck, Germany and Ringwood, Illinois.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to market risk, including changes in interest rates, currency exchange rates, and certain commodity prices. Our exposure to foreign currency market risk is limited since sales prices are typically denominated in Euros or U.S. dollars. To the extent we have material foreign currency exposure on known transactions, hedges are put in place monthly to mitigate such market risk. Our exposure to changing commodity prices is also limited (on an annual basis) since the majority of raw material is acquired at posted or market related prices, and sales prices for finished products are generally at market related prices which are set on a quarterly basis in line with industry practice. To manage the volatility relating to these exposures, we enter into various derivative transactions. We hold and issue derivative financial instruments for economic hedging purposes only.

Our cash flows and earnings are subject to fluctuations due to exchange rate variation. Historically, the businesses transferred to us by ICI have managed the majority of their foreign currency exposures by entering into short-term forward foreign exchange contracts with ICI. In addition, short-term exposures to changing foreign currency exchange rates at certain of our foreign subsidiaries were managed, and will continue to be managed, through financial market transactions, principally through the purchase of forward foreign exchange contracts (typically with maturities of three months or less) with various financial institutions. While the overall extent of our currency hedging activities has not changed significantly, we have altered the scope of our currency hedging activities to reflect the currency denomination of our cash flows. In addition, we are now conducting our currency hedging activities for our exposures arising in connection with the businesses transferred to us by ICI with various financial institutions. We do not hedge our currency exposures in a manner that would entirely eliminate the effect of changes in exchange rates on our cash flows and earnings. As of September 30, 2000, we have outstanding in the notional amount of approximately \$51 million equivalent of foreign exchange forward contracts with third party banks with final settlement of not more than 31 days. Predominantly, our hedging activity is to sell forward the majority of our surplus non-U.S. dollar receivables for U.S. dollars. Using sensitivity analysis, the foreign exchange loss due to these derivative instruments from an assumed 10% unfavorable change in period-end rates, when considering the effects of the underlying hedged firm commitment, is not material.

Historically, Huntsman Specialty used interest rate swaps, caps and collar transactions entered into with various financial institutions to hedge against the movements in market interest rates associated with its floating rate debt obligations. We do not hedge our interest rate exposure in a manner that would entirely eliminate the effects of changes in market interest rates on our cash flow and earnings. Under the terms of our senior secured credit facilities, we are required to hedge a significant portion of our floating rate debt. As a result, we have entered into approximately \$700 million notional amount of interest rate swap, cap and collar transactions, approximately \$650 million of which have terms ranging from approximately three years to five years. The majority of these transactions hedge against movements in U.S. dollar interest rates. The U.S. dollar swap transactions obligate us to pay fixed amounts ranging from approximately 5.50% to approximately 7.00%. The U.S. dollar collar transactions carry floors ranging from 5.00% to 6.00% and caps ranging from 6.60% to 7.50%. We have also entered into a Euro-denominated swap transaction that obligates us to pay a fixed rate of approximately 4.3%. Assuming a 1% (100 basis point) increase in U.S. dollar interest rates, the effect on the annual interest expense would be an increase of approximately \$16 million. This increase would be reduced by approximately \$5 million as a result of the effects of the interest rate swap, cap and collar transactions described above.

In order to reduce our overall raw material costs, our petrochemical business enters into various commodity contracts to hedge its purchase of commodity products. We do not hedge our commodity exposure in a manner that would entirely eliminate the effects of changes in commodity prices on our cash flows and earnings. At September 30, 2000, the Company had forward purchase and sales contracts for 76,000 and 36,000 tonnes (naphtha and

other hydrocarbons), respectively, which do not qualify for hedge accounting. Assuming a 10% increase and a 10% decrease in the price per ton of naphtha, the change would result in gains and losses of approximately \$1 million, respectively.

PART II

ITEM 6.

a) Exhibit 27 - Financial Data Schedule

b) The Company filed no reports on Form 8-K for the quarter ended September 30, 2000.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934, HUNTSMAN ICI CHEMICALS LLC HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF EVERBERG, COUNTRY OF BELGIUM, ON THE 31ST DAY OF OCTOBER, 2000.

HUNTSMAN ICI CHEMICALS LLC

By: /s/ L. Russell Healy

L. Russell Healy
Senior Vice President and
Finance Director

<TABLE> <S> <C>

<ARTICLE> 5

<MULTIPLIER> 1000

| <S> | <C> | <C> | <C> | <C> |
|------------------------------|-------------|-------------|-------------|-----------|
| <PERIOD-TYPE> | 3-MOS | 3-MOS | 9-MOS | |
| <FISCAL-YEAR-END> | DEC-31-2000 | DEC-31-1999 | DEC-31-2000 | |
| <PERIOD-START> | JUL-01-2000 | JUL-01-1999 | JAN-01-2000 | |
| <PERIOD-END> | SEP-30-2000 | SEP-30-1999 | SEP-30-2000 | |
| <CASH> | 0 | 0 | 103,100 | |
| <SECURITIES> | 0 | 0 | 0 | |
| <RECEIVABLES> | 0 | 0 | 665,400 | |
| <ALLOWANCES> | 0 | 0 | 8,400 | |
| <INVENTORY> | 0 | 0 | 441,000 | |
| <CURRENT-ASSETS> | 0 | 0 | 1,294,700 | |
| <PP&E> | 0 | 0 | 2,857,200 | |
| <DEPRECIATION> | 0 | 0 | 250,000 | |
| <TOTAL-ASSETS> | 0 | 0 | 4,774,800 | |
| <CURRENT-LIABILITIES> | | 0 | 0 | 801,500 |
| <BONDS> | 0 | 0 | 2,437,800 | |
| <PREFERRED-MANDATORY> | | | 0 | 0 |
| <PREFERRED> | 0 | 0 | 0 | |
| <COMMON> | 0 | 0 | 1,026,100 | |
| <OTHER-SE> | 0 | 0 | 55,100 | |
| <TOTAL-LIABILITY-AND-EQUITY> | | 0 | 0 | 4,774,800 |
| <SALES> | 1,126,200 | 946,100 | 3,315,500 | |
| <TOTAL-REVENUES> | 1,136,900 | 958,900 | 3,346,500 | |
| <CGS> | 941,500 | 760,700 | 2,764,000 | |
| <TOTAL-COSTS> | 1,029,700 | 845,000 | 3,014,100 | |
| <OTHER-EXPENSES> | 700 | (500) | 2,400 | |
| <LOSS-PROVISION> | 0 | 0 | 0 | |
| <INTEREST-EXPENSE> | 57,100 | 52,400 | 168,200 | |
| <INCOME-PRETAX> | 50,500 | 62,000 | 165,000 | |
| <INCOME-TAX> | 8,700 | 7,900 | 21,600 | |
| <INCOME-CONTINUING> | | 41,000 | 53,300 | 141,300 |
| <DISCONTINUED> | 0 | 0 | 0 | |
| <EXTRAORDINARY> | | 0 | 0 | |
| <CHANGES> | 0 | 0 | 0 | |
| <NET-INCOME> | 41,000 | 53,300 | 141,300 | |
| <EPS-BASIC> | 0 | 0 | 0 | |
| <EPS-DILUTED> | 0 | 0 | 0 | |