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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES ITEMS 8 AND 15(a) INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 10-K/A
(Amendment No. 1)

(Mark One)

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

For the fiscal year ended December 31, 2003

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 INTERNATIONAL LLC

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**87-0630358** (I.R.S. Employer Identification No.)

500 Huntsman Way
Salt Lake City, Utah 84108
(801) 584-5700
(Address of principal executive offices and telephone number)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

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 Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K of any amendment to this Form 10-K. ☒

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). YES ☐ NO ☒

On June 30, 2003, the last business day of Registrant's second fiscal quarter, 1,000 units of membership interest of Registrant were outstanding. There is no established trading market for Registrant's units of membership interest. All of Registrant's units of membership interest are held by an affiliate. Accordingly, the market value of units of membership interest held by non-affiliates is zero.

EXPLANATORY NOTE

In the course of preparing a registration statement in October 2004 for the proposed initial public offering of the common stock of our ultimate parent, we determined to reclassify certain amounts in our consolidated statements of cash flows for the years ended December 31, 2003, 2002 and 2001 to accurately reflect the effects of foreign currency exchange gains and losses. As a result, we have restated the consolidated statements of cash flows for the years ended December 31, 2003, 2002 and 2001. The reclassifications have no impact on our (i) consolidated statements of operations and comprehensive income (loss), (ii) consolidated balance sheets or (iii) increase (decrease) in cash and cash equivalents on our consolidated statements of cash flows.

To give effect to the restatement of our consolidated statements of cash flows, this Amendment No.1 on Form 10-K/A amends Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Part II, Item 8, "Financial Statements and Supplementary Data," of our original report on Form 10-K. In addition, this Amendment No. 1 amends Part II, Item 9A, "Controls and Procedures" of our original report on Form 10-K. This Amendment No. 1 does not amend any other item of our original report on Form 10-K.

Except as set forth above or as otherwise specifically indicated herein, this Amendment No. 1 does not reflect events occurring after the March 30, 2004 filing of our original report on Form 10-K or modify or update the disclosures set forth in the original report in any way. As a result, this Amendment No. 1 contains forward-looking information that has not been updated for events subsequent to the March 30, 2004 filing of our original report on Form 10-K, and we direct you to our SEC filings made subsequent to March 30, 2004 for additional information.

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
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PART II

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

General

We derive our revenues, earnings and cash flow from the sale of a wide variety of differentiated and commodity chemicals. We manage our operations through our four principal operating segments: Polyurethanes, Performance Products, Pigments and Base Chemicals. We manufacture products at facilities located in North America, Europe, Asia, Australia and Africa, and our products are sold throughout the world. The major products of each reportable operating segment are as follows:

Segment	Products
Polyurethanes	MDI, TDI, TPU, polyols, aniline, PO and MTBE
Performance Products	Surfactants, ethyleneamines and other performance chemicals
Pigments	Titanium dioxide
Base Chemicals	Ethylene, propylene, benzene, cyclohexane and paraxylene

Our products are divided into two broad categories—differentiated and commodity chemicals. Our Polyurethanes and Performance Products businesses mainly produce differentiated products and our Pigments and Base Chemicals businesses mainly produce commodity chemicals. Among our commodity products, our Pigments business, while cyclical, tends to follow different trends and is not influenced by the same factors as our petrochemical-based commodity products. In addition, there are a limited number of significant competitors in our Pigments business, relatively high barriers to entry and strong customer loyalty. Each of our four operating segments is impacted to varying degrees by economic conditions, prices of raw materials and global supply and demand pressures.

Historically, the demand for many of our Polyurethanes products, which accounted for 44% of our revenues in 2003, has been relatively resistant to changes in global economic conditions as industry growth in product demand has been strongly influenced by continuing product substitution, innovation and new product development. The stability of demand has also benefited from the wide variety of end markets for our Polyurethanes products. Historically, sales volumes of MDI, a Polyurethanes segment product, have grown at rates in excess of global GDP growth and margins for MDI have been relatively stable. However, in the past year, volatile feedstock pricing has negatively impacted overall margins. The global market for PO, also a Polyurethanes product, is influenced by supply and demand imbalances. PO demand is largely driven by growth in the polyurethane industry, and, as a result, growth rates for PO have generally exceeded GDP growth rates. As a co-product of our PO manufacturing process, we also produce MTBE. MTBE is an oxygenate that is blended with gasoline to reduce harmful vehicle emissions and to enhance the octane rating of gasoline. See "—Environmental Matters—MTBE Developments" below for more information on the legal and regulatory developments that may curtail or eliminate the use of MTBE in gasoline in the future.

In comparison to commodity businesses, the demand for many of the products we produce in our Performance Products segment historically has also been relatively resistant to changes in global economic conditions. Like our Polyurethanes segment, Performance Products growth in general is strongly influenced by product substitution, innovation and new product development. Also, demand stability benefits from a broad range of end markets. A significant portion of our Performance Products is sold into consumer end use applications including household detergents, personal care products and cosmetics. As such, historically, demand for these products has been relatively stable and tends to be less susceptible to changes in global economic conditions.

Historically, growth in demand for TiO_2 pigments has generally been linked with GDP growth rates and has trended somewhat below overall GDP growth rates as strong growth in the developing world economies has been tempered by modest growth in the developed world economies. Our Pigments segment accounted for 19% of our 2003 revenues. 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 suppliers, contract arrangements and cyclicality. The industry experiences some seasonality in its sales because sales of paints in Europe and North America, the largest end use for TiO_2, are generally highest in the spring and summer months in those regions. This results in greater sales volumes in the first half of the year because the proportion of our TiO_2 products sold in Europe and North America is greater than that sold in the southern hemisphere.

Many of the markets for the Base Chemicals products, particularly ethylene, propylene, paraxylene and cyclohexane, are cyclical and sensitive to changes in the balance between supply and demand, the price of raw materials, and the level of general economic activity. Historically, these markets have experienced alternating periods of tight supply and rising prices and profit margins, followed by periods of capacity additions resulting in over-capacity and falling prices and profit margins. Demand for the majority of our Base Chemicals has generally grown at rates that are approximately equal to or slightly greater than GDP growth. Market conditions during recent years have been characterized by a general weakening in demand and overcapacity. We believe that weak economic conditions have resulted in a contraction in production capacity. If this contraction in industry capacity is sustained and if demand growth returns to the rates which have been achieved historically, we believe that industry profitability will improve.

Results of Operations

	Year Ended December 31, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001
Revenues	$ 5,245.5	$ 4,518.1	$ 4,575.2
Cost of goods sold	4,661.1	3,902.7	3,990.1
Gross profit	584.4	615.4	585.1
Expenses of selling, general, and administrative, research and development and other operating costs	351.8	379.6	367.3
Restructuring and plant closing costs	56.7	7.7	46.6
Operating income	175.9	228.1	171.2
Interest expense, net	(251.5)	(245.4)	(239.6)
Loss on accounts receivable securitization program	(32.4)	(5.5)	(12.8)
Other income (expense)	(1.3)	1.3	(2.0)
Loss before income taxes, minority interests and cumulative effect of accounting change	(109.3)	(21.5)	(83.2)
Income tax benefit (expense)	(21.6)	41.5	26.0
Minority interests	—	0.1	(2.2)
Cumulative effect of accounting change	—	—	(1.5)
Net income (loss)	$ (130.9)	$ 20.1	$ (60.9)
Interest expense, net	251.5	245.4	239.6
Income tax expense (benefit)	21.6	(41.5)	(26.0)
Cumulative effect of accounting change	—	—	1.5
Depreciation and amortization	277.9	256.2	229.0
EBITDA(1)	$ 420.1	$ 480.2	$ 383.2

(1) EBITDA is defined as net income (loss) from continuing operations before interest, depreciation and amortization, and income taxes. We believe that EBITDA information enhances an investor's understanding of our financial performance and our ability to satisfy principal and interest obligations with respect to our indebtedness. In addition, we refer to EBITDA 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 net income, cash flow from operations or other measures of performance as defined by generally accepted accounting principles in the United States. 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. 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. Our management believes this type of measurement is useful for comparing general operating performance from period to period and making certain related management decisions. Nevertheless, our management recognizes that there are material limitations associated with the use of EBITDA as compared to net income, which reflects overall financial performance, including the effects of interest, taxes, depreciation and amortization.

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

	Year Ended December 31, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001
Foreign exchange gains—unallocated	$ 95.3	$ 47.0	$ 2.9
Loss on accounts receivable securitization program	(32.4)	(5.5)	(12.8)
Restructuring and plant closing costs:			
Polyurethanes	$ (28.1)	$ —	$ (44.7)
Performance Products	(22.1)	(4.6)	—
Pigments	(6.5)	(3.1)	(1.9)
Total restructuring and plant closing costs	$ (56.7)	$ (7.7)	$ (46.6)

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

For the year ended December 31, 2003, we had a net loss of $130.9 million on revenues of $5,245.5 million, compared to net income of $20.1 million on revenues of $4,518.1 million for 2002. The increase of $151.0 million in net loss was the result of the following items:

- Revenues for the year ended December 31, 2003 increased by $727.4 million, or 16%, to $5,245.5 million from $4,518.1 million in 2002. Revenues increased in our Polyurethanes, Performance Products, Pigments and Base Chemicals segments by $231.5 million, $85.3 million, $129.6 million and $324.3 million, respectively. Increased revenues resulted primarily from increased selling prices and the effects of the strength of the major European currencies versus the U.S. dollar. Selling prices increased primarily in response to increased underlying raw material prices.

- Gross profit for the year ended December 31, 2003 decreased by $31.0 million to $584.4 million from $615.4 million in 2002. The decrease in gross profit was mainly the result of higher overall raw material prices during 2003 as compared to 2002. Increased raw material prices were only partially offset by increased average selling prices.

- Selling, general and administrative expenses and other operating costs ("SG&A") for the year ended December 31, 2003 decreased by $27.8 million, or 7%, to $351.8 million from $379.6 million in 2002. This decrease was primarily the result of a $48.3 million increase in unallocated foreign exchange gains, offset by increased expenses resulting from foreign currency movements. Expenses also increased due to $6.9 million in increased pension expenses, a $2.8 million asset write off in the first quarter 2003, $2.4 million in abortive capital expenditures in our Base Chemicals segment and a $3.5 million increase in the management fee we pay to

Huntsman LLC. These increases were offset by $11.3 million in cost savings resulting from cost reduction efforts in our Polyurethanes segment, $2.6 million in insurance recoveries in our Base Chemicals segment and a $3.0 million gain on the sale of precious metals used in our Base Chemicals manufacturing processes.

- During the year ended December 31, 2003, we recorded restructuring and plant closing charges of $56.7 million. Our Polyurethanes segment recorded restructuring charges of $28.1 million in 2003 in connection with the integration of our global flexible products unit into our urethane specialties unit and various cost initiatives at our Rozenburg, Netherlands manufacturing site. Our Performance Products segment recorded restructuring charges of $22.1 million in 2003 relating to the closure of certain production units at our Whitehaven, UK facility, the closure of an administrative office in London, UK, the rationalization of a surfactants technical center in Oldbury, UK and the restructuring of our Barcelona, Spain facility. Our Pigments segment recorded a restructuring charge of $6.5 million relating to workforce reductions across the segment's operations worldwide. All these charges are part of an overall corporate cost reduction program that is expected to be implemented from 2003 to 2005.

- Net interest expense for the year ended December 31, 2003 increased by $6.1 million to $251.5 million from $245.4 million for 2002. The increase was primarily due to additional debt in the year ended December 31, 2003, a portion of which represents additional fixed rate senior notes issued in 2003, partially offset by lower average underlying base interest rates and lower borrowings under the HI Credit Facilities. Increased interest expense was also partially offset by the $11.5 million positive impact of adjusting interest rate instruments to fair value.

- Loss on our accounts receivable securitization program increased $26.9 million to a loss of $32.4 million for the year ended December 31, 2003 as compared to a loss of $5.5 million for 2002. Losses on the accounts receivable securitization program include the discount on receivables sold into the program, fees and expenses associated with the program and gains (losses) on foreign currency hedge contracts mandated by the terms of the program to hedge currency exposures on the collateral supporting the off-balance sheet debt issued. This increase is mainly attributable to losses on foreign currency hedge contracts mandated by the accounts receivable securitization program, and the increase in the size of our accounts receivable securitization program effective October 2002.

- Income tax expense increased by $63.1 million to an expense of $21.6 million for the year ended December 31, 2003 as compared to a benefit of $41.5 million for 2002. Increased tax expenses were due primarily to an increase in our valuation allowance of $54.4 million, which has the effect of reducing deferred tax assets related to net operating loss carryforwards ("NOLs") in certain foreign jurisdictions, and a change in the mix of income (loss) earned in the various taxing jurisdictions in which we operate.

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

		Year Ended December 31, 2003		Year Ended December 31, 2002
Revenues				
Polyurethanes	$	2,297.5	$	2,066.0
Performance Products		659.6		574.3
Pigments		1,009.9		880.3
Base Chemicals		1,421.8		1,097.5
Eliminations		(143.3)		(100.0)
Total	$	5,245.5	$	4,518.1
Segment EBITDA				
Polyurethanes	$	233.4	$	365.1
Performance Products		(15.8)		27.2
Pigments		105.4		68.3
Base Chemicals		77.7		13.8
Corporate and other		19.4		5.8
Total	$	420.1	$	480.2

Polyurethanes

For the year ended December 31, 2003, Polyurethanes revenues increased by $231.5 million, or 11%, to $2,297.5 million from $2,066.0 million for 2002. MDI sales revenue increased by 11%, due to 11% higher average selling prices and relatively flat volumes. The overall lack of MDI volume growth was largely the result of a reduction in spot sales to co-producers in 2003. MDI sales volumes, excluding spot sales, rose by 6%, with increases of 20%, 6% and 2% in Asia, the Americas and Europe, respectively, driven by the improved rigid polyurethanes market in the fourth quarter 2003. MDI overall average selling prices increased by 11%, 7% of which was attributable to the strength of the major European currencies versus the U.S. dollar and 4% of which was attributable to our continued efforts to increase sales prices as raw material costs increased. Polyol sales revenue increased by 16% as sales volumes increased by 4%, consistent with underlying MDI volumes, and average selling prices increased by 12%, 7% of which was attributable to the strength of the major European currencies versus the U.S. dollar. PO revenue decreased 8%, primarily due to the conversion of certain sales to a tolling arrangement, which affected revenues but only had a minimal impact on gross margin. MTBE sales revenue increased by 14% due to a 7% increase in volumes and a 7% increase in selling prices due to stronger crude oil and gasoline markets.

For the year ended 2003, Polyurethanes segment EBITDA decreased by $131.7 million to $233.4 million from $365.1 million for the same period in 2002. Lower EBITDA resulted mainly from a $271.9 million increase in raw material and energy costs, partly offset by a $200.5 million improvement in average selling prices. We also recorded $28.1 million in restructuring charges in connection with the integration of our global flexible products unit into our urethane specialties unit and cost reduction efforts at our Rozenburg, Netherlands site. These charges are part of an overall cost reduction program that is expected to be implemented and recorded from 2003 to 2005. We also incurred a $2.5 million charge due to the write-off of an asset formerly used in connection with our Geismar, Louisiana TDI facility. Fixed production costs increased $33.6 million, primarily due to the $18.9 million impact of the strengthening of the major European currencies versus the U.S. dollar, increased pension costs of $10.1 million and a $7.1 million fixed cost absorption as a result of a reduction in inventory levels.

SG&A costs also increased $1.5 million due to a $16.6 million adverse foreign currency exchange impact, partly offset by $15.3 million in cost savings as measured in local currencies.

Performance Products

For the year ended 2003, Performance Products revenues increased by $85.3 million, or 15%, to $659.6 million from $574.3 million in 2002. Overall, Performance Products sales volumes fell by 4% and average selling prices increased by 20%, of which 12% was due to foreign currency movements. Surfactants revenues increased by 6% as compared to 2002, resulting from a 15% increase in average selling prices and a 7% decrease in sales volumes. Average selling prices of surfactants in local currencies fell due to intense competition, but our selling prices increased by 19% due to the strength of the major European currencies versus the U.S. dollar. The reduction in surfactants' sales volumes was largely the result of softer European demand, competitive activity and decreased export business as a result of the strength of the major European currencies versus the U.S. dollar. Ethyleneamines revenues increased by 17% compared with 2002, resulting primarily from a 7% increase in average selling prices and a 9% increase in sales volumes. The increase in ethyleneamines average selling prices was due to price increases implemented to offset increased raw material costs. Sales volumes of ethyleneamines increased largely due to higher export sales. Other sales revenues, primarily amines, increased by 56% compared with 2002. This increase resulted primarily from a 19% increase in sales volumes and a 31% increase in average selling prices. These increases were primarily the result of the initiation of tolling agreements with affiliates.

For the year ended 2003, Performance Products segment EBITDA decreased by $43.0 million to a loss of $15.8 million from a profit of $27.2 million in 2002. Restructuring costs in the year ended December 31, 2003 were $17.5 million higher than in the same period in 2002, due to the $20.1 million charge taken in connection with the closure of certain units at our Whitehaven, UK facility in September 2003 and $2.0 million charged in respect of severance costs arising from the closure of an administrative office in London, UK, the rationalization of our surfactants technical center in Oldbury, UK and the restructuring of our Spanish facility in Barcelona, Spain. Lower sales volumes negatively impacted EBITDA by approximately $3.7 million. An $89.0 million increase in selling prices was largely offset by raw material cost increases of $87.5 million. Fixed production costs were relatively unchanged as negative currency impacts of $10.0 million were offset by the effect of cost reduction programs and the operation of only one of our two ethyleneamines units at our Freeport, Texas facility for much of the year. SG&A and other operating costs increased by $22.6 million, of which $9.0 million was attributable to adverse currency movements and $9.0 million of which was due mainly to costs paid to Huntsman LLC under tolling and commercial arrangements for the sale of performance products on their behalf, which were entirely offset by the margin earned on the sale of such products.

Pigments

For the year ended December 31, 2003, Pigments revenues increased by $129.6 million, or 15%, to $1,009.9 million from $880.3 million for the same period in 2002. Average selling prices increased by 13%, of which 9% resulted from the strength of the major European currencies versus the U.S. dollar, and the remainder of which resulted from improved supply and demand conditions. Average selling prices as measured in local currencies increased by 5%, 3% and 6% in Europe, North America and Asia-Pacific ("APAC"), respectively, due to price increases implemented in early 2003 as a result of favorable supply and demand conditions that existed at that time. Sales volumes increased overall by 1%, with North America and APAC both showing an increase of 6%, while Europe was unchanged.

For the year ended December 31, 2003, Pigments segment EBITDA increased by $37.1 million to $105.4 million from $68.3 million in 2002. The increase in EBITDA is primarily a result of a $114.6 million increase in selling prices and the $5.3 million impact of the 1% increase in sales volume, partially offset by an increase in manufacturing costs of $83.6 million. The manufacturing costs increase was caused mainly by foreign currency movements of $84.3 million, which were partially offset by savings of $4.8 million, as measured in local currencies, from our cost reduction initiatives. SG&A and other operating costs increased by $1.6 million mainly due to an increase in restructuring charges of $3.4 million and a $3.2 million increase in pension costs, partially offset by the release of $2.6 million of surplus environmental provisions recorded in relation to our Tracy, Canada facility which was closed in 2000.

Base Chemicals

For the year ended December 31, 2003, Base Chemicals revenues increased by $324.3 million, or 30%, to $1,421.8 million from $1,097.5 million for 2002. The increase in revenues was caused by a 33% increase in average selling prices, partially offset by a 3% reduction in overall sales volumes. Base Chemicals average selling prices were up 21% in response to higher raw material and energy prices and favorable supply and demand conditions, and 12% due to the strength of the major European currencies versus the U.S. dollar. The reduction in Base Chemicals volumes was caused primarily by reduced sales of raw materials, primarily naptha, which we sell from time to time as favorable opportunities arise. Ethylene revenues increased 39%, resulting from a 12% increase in volumes and a 24% increase in average sales prices. Propylene revenues increased 50%, resulting from a 17% increase in volumes and a 28% increase in average sales prices. Paraxylene revenues increased 28%, resulting from a 4% decrease in volumes and a 34% increase in average sales prices. Benzene revenues increased 17%, resulting from a 15% decrease in volumes and a 37% increase in average sales prices. Cyclohexane revenues increased 41%, resulting from a 7% increase in volumes and a 32% increase in average sales prices. Sales volume increases for ethylene and propylene reflected increased demand and the fact that 2002 included a turnaround at our Wilton, U.K. olefins facility.

For the year ended December 31, 2003 Base Chemicals segment EBITDA increased by $63.9 million to $77.7 million from $13.8 million in 2002. Increased segment EBITDA primarily resulted from the impact of increased selling prices of $348.4 million, offset by increased raw material costs of $258.2 million, mainly due to a 23% increase in the cost of our main feedstock, naphtha. Fixed production costs increased $37.0 million, of which $16.0 million was due to foreign currency impacts, $11.0 million due to costs reclassified from SG&A and $7.0 million due to higher pension costs. SG&A costs decreased $11.9 million, which included $11.0 million of costs reclassified as fixed production costs, insurance claim recoveries of $2.6 million and recoveries from the sale of precious metals used in the manufacturing process amounting to $3.0 million. These SG&A cost decreases were partially offset by $2.4 million associated with various terminated capital projects and reduced foreign currency translation gains of $1.9 million.

Corporate and Other

Corporate and other items includes unallocated corporate overhead, loss on our accounts receivable securitization program and unallocated foreign exchange gains and losses. For the year ended December 31, 2003, EBITDA from corporate and other items increased by $13.6 million to $19.4 million from $5.8 million for 2002. The increase resulted primarily from increased unallocated foreign exchange gains caused primarily by the strength of the major European currencies versus the U.S. dollar. Unallocated foreign exchange gains were $48.3 million higher, with a gain of $95.3 million in the year ended December 31, 2003 as compared to a gain of $47.0 million in the year ended December 31, 2002. In general, our unallocated foreign exchange gains and losses result primarily from movements in the foreign exchange rates used to translate the current portion of intercompany balances to the functional currency at the end of the period and from the translation of foreign currency receivable balances sold into our accounts receivable securitization program to U.S. dollars.

The increased unallocated foreign exchange gains were partially offset by increased losses on the accounts receivable securitization program, which increased by $26.9 million to a loss of $32.4 million in the year ended December 31, 2003 as compared to a loss of $5.5 million in 2002. Losses on the accounts receivable securitization program include the discount on receivables sold into the program, fees and expenses associated with the program and gains (losses) on foreign currency hedge contracts mandated by the terms of the program to hedge currency exposures on the collateral supporting the off-balance sheet debt issued. The increased losses on the accounts receivable securitization program were primarily due to losses on foreign exchange hedge contracts mandated by our accounts receivable securitization program and the increase in the size of our securitization facility effective October 2002. Other cost increases were the result of a higher management fee paid to Huntsman LLC of $3.5 million, an asset valuation adjustment of $2.8 million, and the expensing of $1.1 million of abandoned transaction costs.

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

For the year ended December 31, 2002, we had net income of $20.1 million on revenues of $4,518.1 million, compared to a net loss of $60.9 million on revenues of $4,575.2 million in 2001. The increase of $81.0 million in net income was the result of the following items:

- Revenues for the year ended December 31, 2002 decreased by $57.1 million, or 1%, to $4,518.1 million from $4,575.2 million in 2001. Revenues declined modestly from 2001 to 2002 as higher sales volumes were offset by lower selling prices. Base Chemicals revenues were lower due to the discontinuance of cumene sales beginning in the first quarter of 2002 as well as lower average selling prices and sales volumes for most products. This decrease was offset by increased revenues in Performance Products largely attributable to the acquisition of the Albright & Wilson European surfactants business from Rhodia S.A. in April of 2001.

- Gross profit for the year ended December 31, 2002 increased by $30.3, or 5%, to $615.4 million from $585.1 million in 2001. This increase was mainly the result of higher overall sales volumes and generally lower feedstock prices partially offset by lower overall average selling prices in 2002 as compared to 2001.

- SG&A costs for the year ended December 31, 2002 increased by $12.3 million, to $379.6 million from $367.3 million in 2001. Higher SG&A due to increased pension costs and the implementation of an SAP software system were partially offset by foreign currency exchange gains resulting from the strengthening of the major European currencies versus the U.S. dollar.

- Restructuring and plant closing costs for the year ended December 31, 2002 were $7.7 million. A $4.6 million charge in the Performance Products segment resulted mainly from restructuring activities and the closure of the Alcover, Spain surfactants plant. A $3.1 million charge in the Pigments segment resulted from asset write-offs related to the closure of a TiO_2manufacturing facility in Greatham, UK. For the year ended December 31, 2001, there was a $1.9 million charge resulting from cost reduction initiatives within the Pigments segment and a $44.7 million restructuring charge, primarily related to restructuring activities in our Polyurethanes segment, and the closure of our Shepton Mallet, UK polyols manufacturing facility.

- Net interest expense for the year ended December 31, 2002 increased by $5.8 million, or 2%, to $245.4 million from $239.6 million for the same period in 2001. The increase was primarily due to higher average debt levels, partially offset by lower average underlying base interest rates.

- Loss on our accounts receivable securitization program decreased $7.3 million to a loss of $5.5 million in 2002 from a loss of $12.8 million in 2001. Losses on the accounts receivable securitization program include the discount on receivables sold into the program, fees and expenses associated with the program and gains (losses) on foreign currency hedge contracts mandated by the terms of the program to hedge currency exposures on the collateral supporting the off-balance sheet debt issued.

- Income tax benefit increased by $15.5 million to $41.5 million for the year ended December 31, 2002 as compared to $26.0 million in 2001. Increased tax benefits were due primarily to a change in the mix of income (loss) earned in the United States versus international locations.

The following table sets forth the sales and income for each of our operating segments. Segment income is operating income excluding unallocated items.

	Year Ended December 31, 2002	Year Ended December 31, 2001
Revenues		
Polyurethanes	$ 2,066.0	$ 2,073.7
Performance Products	574.3	455.3
Pigments	880.3	872.1
Base Chemicals	1,097.5	1,268.6
Eliminations	(100.0)	(94.5)
Total	$ 4,518.1	$ 4,575.2
Segment EBITDA		
Polyurethanes	$ 365.1	$ 262.7
Performance Products	27.2	21.1
Pigments	68.3	139.4
Base Chemicals	13.8	20.4
Corporate and other	5.8	(60.4)
Total	$ 480.2	$ 383.2

Polyurethanes

For the year ended December 31, 2002, Polyurethanes revenues decreased by $7.7 million to $2,066.0 million from $2,073.7 million in 2001. MDI sales volumes increased by 4%. Volumes in the Americas increased by 11% and volumes in Asia decreased by 5%, while volumes in Europe remained stable. Volumes in the Americas increased due to a strong growth in the Americas MDI market. MDI volumes in Asia were lower primarily due to reduced sales under co-producer arrangements and a slowdown in the insulation foam market. MDI average selling prices decreased by 1%, with prices down in all regions except Europe, where prices increased by 3% primarily due to the strengthening of the major European currencies versus the U.S. dollar. Polyols sales revenue increased by 8%, due to a 9% increase in volumes. PO sales revenue decreased by 1% with volumes down 6% due to the conversion of some product sales agreements to tolling arrangements while average selling prices increased by 4% in 2002. MTBE sales revenue decreased by 7% as compared to the same period in 2001. MTBE sales volumes were relatively unchanged from the prior year, however, average selling prices decreased by 6% due to lower gasoline prices in 2002.

For the year ended 2002, Polyurethanes segment EBITDA increased by $102.4 million to $365.1 million from $262.7 million for the same period in 2001. Increased EBITDA resulted from increased overall sales volumes and overall lower energy and feedstock prices, which more than offset the decline in average selling prices discussed above. Segment EBITDA also increased as 2001 results included a charge of $44.7 million which was mainly the result of restructuring activities and the closure of our Shepton Mallet, UK polyols manufacturing facility. SG&A costs, including research and development costs, remained relatively flat in 2002 as compared to 2001. Lower costs resulting from our cost reduction initiatives were offset by foreign exchange losses, bad debt expenses and increased pension costs in 2002.

Performance Products

For the year ended December 31, 2002, Performance Products revenues increased by $119.0 million, or 26%, to $574.3 million from $455.3 million in 2001. Surfactants revenues increased by 45% due to a 43% increase in sales volumes while average selling prices remained relatively unchanged. Increased surfactants revenues are largely due to non-comparable sales as the surfactants business was acquired in April 2001. Excluding non-comparable sales, surfactants revenues increased by 10% in 2002 as compared to 2001. Ethyleneamines revenues increased by 27% due to a 45% increase in sales volumes and a 29% decrease in average selling prices. Increased ethlyeneamines revenues were due to non-comparable sales from the ethyleneamines business we acquired in February 2001. Excluding non-comparable sales, ethyleneamines sales increased by 14%. Increased volumes and decreased selling prices mainly resulted from increased sales into the APAC region which has lower average selling prices. Increased volumes were due to improved market conditions in 2002 and the benefit of starting a second production train at our Freeport, Texas facility in late third quarter 2002.

For the year ended 2002, Performance Products segment EBITDA increased by $6.1 million to $27.2 million from $21.1 million in 2001. During 2002 Performance Products benefited from increased overall sales volumes, lower average raw materials costs and non-comparable results for businesses acquired in the first quarter 2001. These results were offset by increased SG&A costs resulting from ongoing restructuring activities, including $4.6 million of costs related to the closure of our Alcover, Spain surfactants plant.

Pigments

For the year ended December 31, 2002, Pigments revenues increased by $8.2 million, or 1%, to $880.3 million from $872.1 million in 2001. Sales volumes increased by 7% due to higher end-use demand for TiO_2 and customer re-stocking activity ahead of expected price increases. Sales volumes increased by 14%, 14% and 2% in North America, Asia, and Europe, respectively. Average selling prices decreased by 6%, with average selling prices decreasing by 10%, 9%, and 3% in North America, Asia, and Europe, respectively, due to an unfavorable industry supply-demand balance during 2001, which negatively impacted selling prices in 2002. Lower local currency prices were partially offset by favorable movements in exchange rates. Average selling prices were increasing toward the end of the year with average selling prices 7% higher in the fourth quarter of 2002 than they were in the fourth quarter of 2001.

For the year ended December 31, 2002, Pigments segment EBITDA decreased by $71.1 million to $68.3 million from $139.4 million in the same period in 2001. The decline in segment earnings is mainly due to an unfavorable supply-demand balance during 2001, which negatively impacted selling prices in 2002. Manufacturing costs increased mainly due to higher pension and insurance costs and adverse movements in currency exchange rates. SG&A costs increased in 2002 mainly due to costs associated with the implementation of an SAP software system and increased pension costs. During 2002, we incurred a $3.1 million charge from asset write-offs related to the closure of a facility in Greatham, UK.

Base Chemicals

For the year ended December 31, 2002, Base Chemicals revenues decreased by $171.1 million, or 13%, to $1,097.5 million from $1,268.6 million in 2001. Lower revenues were largely due to decreased average selling prices on ethylene and paraxylene, decreased sales volumes in ethylene and propylene and lower levels of activity in the hedging of feedstocks settling through revenues. The discontinuance of cumene sales, which occurred in the first quarter of 2002, also contributed to the decreased revenue. Average selling prices of ethylene and paraxylene fell by 11% in 2002 as compared with 2001, due to the impact of lower underlying feedstock costs. Benzene average selling prices increased by 16% in 2002 as the result of improved market conditions. Propylene prices were relatively unchanged. Sales volumes of ethylene, propylene and benzene decreased by 6%, 22% and 16%, respectively, while paraxylene and cyclohexane sales volumes increased by 17% and 61%, respectively. Ethylene and propylene sales were lower due to the turnaround and inspection overhaul in the second quarter, and reduced demand in the fourth quarter. Cyclohexane sales were higher in 2002 due to higher production.

For the year ended December 31, 2002, Base Chemicals segment EBITDA decreased by $6.6 million to $13.8 million from $20.4 million in 2001. Decreased EBITDA was mainly due to lower sales volumes of ethylene and propylene, and lower selling prices for ethylene and paraxylene. Margins in the olefins market were lower in 2002. The effect of reduced selling prices was compounded by a 1% increase in the cost of naphtha, our primary feedstock. Lower segment EBITDA also resulted from the cost of purchasing product to cover the second quarter turnaround and inspection overhaul of our olefins facility. SG&A costs, including research and development expenditures, were relatively unchanged in 2002 as compared to 2001.

Corporate and Other

Corporate and other items includes unallocated corporate overhead, loss on our accounts receivable securitization program and unallocated foreign exchange gains and losses. For the year ended December 31, 2002, EBITDA from corporate and other items increased by $66.2 million to $5.8 million from a loss of $60.4 million for 2001. Administrative and other expenses decreased mainly due to $47.0 million of unallocated foreign exchange gains in 2002 versus $2.9 million of gains in 2001. Unallocated foreign exchange gains resulted from the strengthening of the major European currencies versus the U.S. dollar. In addition, loss on the accounts receivable securitization program decreased $7.3 million to a loss of $5.5 million in 2002 from a loss of $12.8 million in 2001. Unallocated SG&A expenses decreased by approximately $11.0 million due to lower legal costs in 2002 and certain abandoned transaction costs in 2001.

Liquidity and Capital Resources

Cash

Net cash provided by operating activities for the year ended December 31, 2003 decreased to $98.5 million from $178.1 million for 2002. The variance is primarily attributable to reduced operating income as explained above in addition to a net increase in cash used in net working capital in 2003.

Net cash used in investing activities for the year ended December 31, 2003 decreased to $135.7 million from $188.9 million for 2002. The decrease in cash used in 2003 was largely attributable to increased spending in 2002 in connection with the ICON modernization and expansion of our titanium dioxide manufacturing facility at Greatham, U.K. and the SAP project within our Pigments segment, both of which were completed in 2002.

Net cash provided by financing activities for the year ended December 31, 2003 increased to $54.4 million, as compared to $1.1 million for 2002. The increase in cash provided by financing activities is mainly a result of increased net borrowings to fund operating cash requirements as explained above.

Debt and Liquidity

On April 11, 2003, we sold $150 million (in addition to $300 million previously issued) in aggregate principal amount of 9.875% Senior Notes due 2009 (the "HI Senior Notes"). The offering was priced at 105.25% plus accrued interest from March 1, 2003. We used approximately $26 million of the net proceeds to repay part of the revolving portion of the HI Credit Facilities. The balance of the net proceeds was used primarily to prepay the scheduled amortization due under the term portion of the HI Credit Facilities. We also have outstanding $600 million and €450 million 10.125% Senior Subordinated Notes (the "Subordinated Notes").

The HI Credit Facilities consist of a revolving loan facility of up to $400 million that matures on June 30, 2005 (the "HI Revolving Facility"), a term B loan facility of $620.1 million as of December 31, 2003 that matures on June 30, 2007, and a term C loan facility of $620.1 million as of December 31, 2003 that matures on June 30, 2008. As of December 31, 2003, we had outstanding variable rate borrowings of approximately $1.3 billion and the weighted average interest rate of these borrowings was approximately 5.6%. This weighted average rate does not consider the effects of interest rate hedging activities.

On October 17, 2003, we amended the HI Credit Facilities. The amendment provides, among other things, for changes to certain financial covenants, including an increase in the leverage and interest coverage ratios, a decrease in the annual amount of permitted capital expenditures, and a decrease in the consolidated net worth covenant. With the exception of the changes relating to capital expenditures, these changes to the financial covenants apply to the quarterly period ended September 30, 2003 and will continue through the quarterly period ending December 31, 2004. The amendment also allowed for the issuance of $205 million of additional term B and term C loans, which we accomplished on October 22, 2003, the net proceeds of which have been applied to pay down the HI Revolving Facility by approximately $53 million, and the remainder of the net proceeds have been applied to repay, in full, the term A loan. As a result of these refinancings, we have no scheduled maturities in 2004 and scheduled maturities of approximately $12 million in each of 2005 and 2006 under our term B and term C loans. The amendment also allows us to issue additional senior unsecured notes up to a maximum of $800 million.

We depend upon the $400 million HI Revolving Facility to provide liquidity for our operations and working capital needs. As of December 31, 2003, we had $22.0 million of outstanding borrowings and approximately $7 million of outstanding letters of credit under the HI Revolving Facility, and we had $97.8 million in cash balances on the balance sheet. We also maintain $25.0 million of short-term overdraft facilities, of which $17.5 million was available at December 31, 2003. Total cash and unused borrowing capacity as of December 31, 2003 was approximately $486 million. The HI Revolving Facility matures in June 2005, and we anticipate addressing the maturity of this facility within the next 6 to 12 months.

We also depend upon an accounts receivable securitization program arranged by JP Morgan, under which interests in certain of our trade receivables are transferred to a qualified off-balance sheet entity (the "Receivables Trust"). The Receivables Trust is not an affiliate of our Company. The acquisitions of these receivables by the Receivables Trust are financed through the issuance of commercial paper and/or medium term notes. The debt associated with the commercial paper and medium term notes is not reflected on our balance sheet. The accounts receivable securitization program is an important source of liquidity to our Company.

A portion of the medium term notes (€90.5 million) is denominated in euros and is subject to fluctuation in currency rates against the U.S. dollar. The total outstanding balance of medium term notes is approximately $198 million in U.S. dollar equivalents as of December 31, 2003. In addition to medium term notes, the Receivables Trust also maintains an annual commitment with a third party to issue commercial paper for an amount up to $125 million. As of December 31, 2003, the total outstanding balance of such commercial paper was approximately $100 million. We are currently in the process of amending this commercial paper facility to be a multiyear, multicurrency facility (U.S. dollars and euros) that would mature in March 2007.

Subject to the annual seasonality of our accounts receivable, we estimate that the total liquidity resources from the accounts receivable securitization program may range between $270 million to $310 million at certain periods during a calendar year. As of December 31, 2003, the Receivables Trust had approximately $432 million of total assets (consisting of cash and accounts receivable), and $198 million of medium term notes and $100 million of commercial paper outstanding. The weighted average interest rates on the medium term notes and commercial paper was approximately 2.1% as of December 31, 2003. However, losses on the accounts receivable securitization program in 2003 were $32.4 million. Losses on the accounts receivable securitization program include the discount on receivables sold into the program, fees and expenses associated with the program and gains (losses) on foreign currency hedge contracts mandated by the terms of the program to hedge currency exposures on the collateral supporting the off-balance sheet debt issued. For the year ended December 31, 2003, losses on the accounts receivable securitization program include losses of $24.6 million on foreign currency hedge contracts mandated by the accounts receivable securitization program. We believe that a multicurrency facility will enable us, in the future, to better naturally hedge the off-balance sheet debt to the underlying collateral supporting such debt and thereby reduce the impact on, and need for, foreign currency hedges under the accounts receivable securitization program.

The HI Credit Facilities require a mandatory prepayment to the extent that the proceeds from the securitization program exceed $310 million. To date, proceeds from the accounts receivable securitization program have not exceeded this limit. While we do not anticipate it, if at any time we were unable to sell sufficient receivables into the program to support the volume of commercial paper and medium term notes issued under the program, we would be required to inject cash into the program as collateral. Under such circumstance, and depending on the timing of such circumstance, the requirement to provide cash collateral to the program could have a negative effect on our liquidity.

We believe our current liquidity, together with funds generated by our operations, is sufficient to meet the short-term and long-term needs of our businesses, including funding operations, making capital expenditures and servicing our debt obligations in the ordinary course. We believe we are currently in compliance with the covenants contained in the agreements governing our debt obligations.

Contractual Obligations and Commercial Commitments

Our obligations under long-term debt, lease agreements, and other contractual commitments as of December 31, 2003 are summarized below (in millions):

	2004	2005-2007	2008-2009	After 2009	Total
Long-term debt	$ 0.1	$ 669.1	$ 2,229.3	$ 16.4	$ 2,914.9
Capital lease obligations	1.7	5.2	3.4	1.9	12.2
Operating leases	15.2	28.0	7.9	40.2	91.3
Purchase commitments(1)	627.3	966.7	152.4	228.9	1,975.3
Total	$ 644.3	$ 1,669.0	$ 2,393.0	$ 287.4	$ 4,993.7

(1) We have various purchase commitments extending through 2017 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 2004. Certain contracts allow for changes in minimum required purchase volumes in the event of a temporary or permanent shut down 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 current pricing for each contract. We also have a limited number of contracts which require a minimum payment, even if no volume is purchased. These contracts approximate $35 million annually through 2005, declining to approximately $16 million after 2011, and are included in the table above. We believe that all of our purchase obligations will be utilized in our normal operations.

Restructuring and Plant Closing Charges

We have incurred restructuring and plant closing costs totaling $56.7 million, $7.7 million and $46.6 million for the years ended December 31, 2003, 2002 and 2001, respectively.

2003 Restructuring

In March 2003, our Polyurethanes segment announced that it would integrate its global flexible products unit into its urethane specialties unit, and we recorded a restructuring charge of $19.2 million for workforce reductions of approximately 118 employees. In June 2003, our Polyurethanes segment announced further restructuring at its Rozenburg, Netherlands site, related primarily to workforce reductions of approximately 54 employees. The total estimated costs for the Rozenburg restructuring is estimated to be $12.0 million and will be recorded as expense during 2003 to 2005. During 2003, $7.1 million was recorded as expense for this restructuring. In December 2003, our Polyurethanes segment announced additional restructuring at Polyurethanes sites across the world, related primarily to workforce reductions of approximately 53 employees. The total estimated cost for this restructuring is estimated to be $6.7 million and will be recorded as expense during 2003 and 2004. During 2003, $1.8 million was recorded as expense for this restructuring. At December 31, 2003, $13.4 million remains in the reserve for restructuring and plant closing costs related to these restructuring activities.

In June 2003, we announced that our Performance Products segment would close a number of plants at our Whitehaven, UK facility and reduce its workforce by approximately 85 employees. In 2003, a charge of $20.1 million was recorded representing $11.4 million relating to an impairment of assets at Whitehaven (in connection with the plant shutdowns) and $8.7 million of workforce reduction costs. We also recorded a $2.0 million charge in respect of severance costs arising from the closure of an administrative office in London, UK, the rationalization of our surfactants technical center in Oldbury, UK and the restructuring of our Spanish facility in Barcelona, Spain. At December 31, 2003, $2.4 million remains in the reserve for restructuring and plant closing costs related to these restructuring activities. In March 2004, we announced an additional restructuring at our Whitehaven, UK facility related to the relocation and consolidation of various plants, equipment and workshop facilities, and the development of a centralized control room to help improve the integrity and productivity of the main site assets. Total restructuring costs associated with this project are expected to be $11.1 million and include an asset write down of approximately $5.0 million and a reduction in workforce of approximately 45 employees. The remaining restructuring costs will be recorded as expense during 2004 to 2007.

In August 2003, we announced restructuring activities related to our global workforce reductions of approximately 250 employees in our Pigments segment. The overall cost reduction program for this segment is estimated to be approximately $23.0 million and will be implemented and recorded from 2003 to 2005. During 2003, we recorded a restructuring charge of $6.5 million related to workforce reductions of approximately 63 employees across all of our Pigments operations worldwide. At

December 31, 2003, $4.3 million remains in the reserve for restructuring and plant closing costs related to these restructuring activities.

2002 Restructuring

In 2002, our Pigments segment recorded $3.1 million in asset write-downs related to the closure of our titanium dioxide manufacturing facility in Greatham, UK.

During 2002, our Performance Products segment recorded $4.6 million in charges which relate to restructuring and the write-down of fixed assets. The costs relate to the closure of the Alcover, Spain surfactants plant for $1.4 million, write-down of $1.6 million related to the assets of the Castiglione, Italy surfactants plant and various sales offices closed and $1.6 million for other exit costs.

At December 31, 2003, $2.4 million remains in the reserve for restructuring and plant closing costs related to the 2002 restructuring.

2001 Restructuring

During 2001, our Polyurethanes segment announced a cost reduction program which included the closure of the Shepton Mallet, U.K. polyols manufacturing facility by the end of 2002, resulting in a charge of $44.7 million. The program included reductions in workforce of approximately 270 employees at the Shepton Mallet facility and other locations. Approximately $7.8 million was recorded to write-down the fixed assets, $36.1 for employee termination benefits and $0.8 million for other exit costs.

Our Pigments segment recorded $1.9 million in restructuring charges related to a workforce reduction of approximately 50 employees.

As of December 31, 2003, all costs related to the 2001 restructuring programs were paid.

As of December 31, 2003, accrued restructuring and plant closing costs consist of the following (dollars in millions):

	2001 Charge	2002 Charge	2003 Charge	Non-cash Charge	Cash Payments	December 31, 2003
Property, plant and equipment	$ 7.8	$ 6.1	$ 11.4	$ (25.3)	$ —	$ —
Workforce reductions	38.0	—	45.3		(60.8)	22.5
Other exit costs	0.8	1.6			(2.4)	—
Total	$ 46.6	$ 7.7	$ 56.7	$ (25.3)	$ (63.2)	$ 22.5

Off-Balance Sheet Arrangements

As discussed in "—Debt and Liquidity" above, we maintain an accounts receivable securitization program arranged by JP Morgan, under which interests in certain of our trade receivables are transferred to the Receivables Trust, a qualified special-purpose off-balance-sheet entity. The Receivables Trust is not an affiliate of our Company. The acquisitions of these receivables by the Receivables Trust are financed through the issuance of commercial paper and/or medium term notes. The debt associated with the commercial paper and medium term notes is not reflected on our balance sheet. The accounts receivable securitization program is an important source of liquidity to our Company.

A portion of the medium term notes (€90.5 million) is denominated in euros and is subject to fluctuation in currency rates against the U.S. dollar. The total outstanding balance of medium term notes is approximately $198 million in U.S. dollar equivalents as of December 31, 2003. In addition to medium term notes, the Receivables Trust also maintains an annual commitment with a third party to issue commercial paper for an amount up to $125 million. As of December 31, 2003, the total outstanding balance of such commercial paper was approximately $100 million. We are currently in the process of amending this commercial paper facility to be a multiyear, multicurrency facility (U.S. dollars and euros) that would mature in March 2007.

Subject to the annual seasonality of our accounts receivable, we estimate that the total liquidity resources from the accounts receivable securitization program may range between $270 million to $310 million at certain periods during a calendar year. As of December 31, 2003, the Receivables Trust had approximately $432 million of total assets (consisting of cash and accounts receivable), and $198 million of medium term notes and $100 million of commercial paper outstanding. The weighted average interest rates on the medium term notes and commercial paper was approximately 2.1% as of December 31, 2003. However, losses on the accounts receivable securitization program in 2003 were $32.4 million. Losses on the accounts receivable securitization program include the discount on receivables sold into the program, fees and expenses associated with the program and gains (losses) on foreign currency hedge contracts mandated by the terms of the program to hedge currency exposures on the collateral supporting the off-balance sheet debt issued. For the year ended December 31, 2003, losses on the accounts receivable securitization program include losses of $24.6 million on foreign currency hedge contracts mandated by the accounts receivable securitization program. We believe that a multicurrency facility will enable us, in the future, to better naturally hedge the off-balance sheet debt to the underlying collateral supporting such debt and thereby reduce the impact on, and need for, foreign currency hedges under the accounts receivable securitization program.

During the year ended December 31, 2003, we sold approximately $4,132 million in receivables and collected $4,136 million.

Investing Activities

Capital expenditures for the year ended December 31, 2003 were $127.4 million, a decrease of approximately $63.1 million as compared to $190.5 million for 2002. The decrease was largely attributable to expenditures in connection with the ICON 2 modernization and expansion of our titanium dioxide manufacturing facility at Greatham, U.K. and the SAP project in our Pigments segment, both of which were completed in 2002. We expect to spend approximately $180 million on capital expenditures during 2004, which would include any expenditures for the proposed LDPE facility at Wilton, U.K. in the event board and other approvals are sought and obtained in connection with this project. In addition, we expect to spend approximately $25 million (approximately $13 million of which will be recorded as capital expenditures and $12 million of which will be recorded as investments), during 2004 as an investment in our Chinese MDI joint ventures. During 2003, we made our initial contributions of approximately $12 million in our Chinese MDI joint ventures (approximately $6 million of which has been recorded as a capital expenditure and $6 million of which has been recorded as an investment) and we expect to contribute up to a total of approximately $85 million to the Chinese MDI joint ventures over the next several years (approximately $35 million to be recorded as capital expenditures and approximately $50 million to be recorded as investments).

In connection with our agreements with our Rubicon and Louisiana Pigment joint ventures, we are obligated to fund our proportionate share of expenditures. During the years ended December 31, 2003 and 2002, we made net investments of $3.0 million and $3.3 million, respectively, in Rubicon. During the years ended December 31, 2003 and 2002, we received net distributions of $0.8 million and $8.0 million, respectively, from Louisiana Pigment.

Certain Credit Support Issues

Although HIH and our Company are unrestricted subsidiaries of Huntsman LLC, we have not guaranteed or provided any other credit support to Huntsman LLC under its credit facilities (the "HLLC Credit Facilities") or the outstanding notes of Huntsman LLC, and Huntsman LLC has not guaranteed or provided any other credit support to our obligations under the HI Credit Facilities or our notes. Events of default under the HI Credit Facilities, or under our notes or the exercise of any remedy by the lenders thereunder will not cause any cross-defaults or cross-accelerations under the HLLC Credit Facilities or Huntsman LLC's outstanding notes. Additionally, any events of default under the HLLC Credit Facilities or Huntsman LLC's notes or the exercise of any remedy by the lenders thereunder will not cause any cross-defaults or cross-accelerations under the HI Credit Facilities or our outstanding notes, except insofar as foreclosure on the stock of Huntsman Specialty Chemical Holdings Corporation, the stock of Huntsman Specialty or the HIH Membership Interests pledged to secure Huntsman LLC's obligations under the HLLC Credit Facilities or the Huntsman LLC notes, would constitute a "change of control" and an event of default under the HI Credit Facilities and would give certain put rights to the holders of our outstanding notes.

On May 9, 2003, HMP issued 15% senior secured discount notes due 2008 (the "HMP Senior Discount Notes") with an accreted value of $423 million. Interest is paid in kind. The HMP Senior Discount Notes are secured by a first priority lien on the 8% senior subordinated discount reset notes due 2009 of HIH acquired by HMP in connection with the HIH Consolidation Transaction, the 10% direct and 30% indirect equity interests held by HMP in HIH, HMP's common stock outstanding as of May 9, 2003, and HMP's 100% equity interest in Huntsman LLC. A payment default under the HMP Senior Discount Notes, or any other default that would permit the holders to accelerate the unpaid balance thereunder, would also constitute a default under the HLLC Credit Facilities. Foreclosure on the stock of HMP or the equity interest in Huntsman LLC would constitute a "change of control" and an event of default under the HLLC Credit Facilities and the HI Credit Facilities, and would give certain put rights to the holders of the Huntsman LLC Notes and our notes.

Environmental Matters

General

Our operations are subject to extensive environmental laws and regulations concerning emissions to the air, discharges to surface and subsurface waters, and the generation, handling, storage, transportation, treatment and disposal of waste materials, as adopted by various governmental authorities in the jurisdictions in which we operate. We make every reasonable effort to remain in full compliance with existing governmental regulations. Accordingly, we may incur costs for capital improvements and general compliance under environmental laws, including costs to acquire, maintain and repair pollution control equipment. We cannot provide assurances that material capital expenditures beyond those currently anticipated will not be required under environmental laws.

Environmental Capital Expenditures and Accruals

We have established financial reserves relating to environmental restoration and remediation programs, which we believe are sufficient for known requirements. In connection with various acquisitions, the acquisition agreements generally provide for indemnification for environmental pollution existing on the date of acquisition. Liabilities are recorded when site restoration and environmental remediation and clean-up obligations are either known or considered probable and can be reasonably estimated. Liabilities are based upon all available facts, existing technology, past experience and cost-sharing and indemnification arrangements (as to which, we consider the viability of other parties).

Our capital expenditures relating to environmental matters for the year ended December 31, 2003, were approximately $31 million. Capital costs relating to environmental matters in 2004 are expected to total approximately $40 million. A total of $17.0 million has been accrued related to environmental related liabilities as of December 31, 2003.

Estimates of ultimate future environmental restoration and remediation costs are inherently imprecise due to currently unknown factors such as the magnitude of possible contamination, the timing and extent of such restoration and remediation, the determination of our liability in proportion to other parties, the extent to which such costs are recoverable from insurance, and the extent to which environmental laws and regulations may change in the future. However, it is not anticipated that any future costs, in excess of those that have been accrued by our Company, will be material to our results of operations or financial position as a result of compliance with current environmental laws and regulations.

Potential Liabilities

Given the nature of our business, violations of environmental laws may result in restrictions being imposed on operating activities, substantial fines, penalties, damages or other costs, any of which could have a material adverse effect on our business, financial condition, results of operations or cash flows. We are aware of the following matters:

The Texas Commission on Environmental Quality (the "TCEQ," formerly the Texas Natural Resource Conservation Commission or TNRCC) approved a settlement with Huntsman Petrochemical Corporation effective June 12, 2003 regarding allegations of environmental regulatory violations at our Port Neches, Texas, facilities. The settlement imposes penalties totaling $302,250, of which $7,000 has already been paid. The balance of the penalty is due on June 11, 2005. Additionally, the settlement requires that we apply for an air emissions permit for the joint wastewater treatment plant that services all of the Port Neches facilities. Less than $100,000 of the aforementioned penalties are allocable to our Company. Although management does not anticipate it, it is possible that the terms of a joint wastewater treatment plant air permit may cause us to incur substantial costs that could be material.

On October 6, 2002, a leak of sulphuric acid from two tanks located near our Whitehaven, U.K. plant was discovered. About 342 to 347 tonnes of acid were released onto the ground and into the soil near the tanks. Although we took immediate steps to contain the spillage and recover acid, a quantity of acid reached a nearby beach via a geological fault. We believe that we did not own the tanks; however, we did own the acid in the tanks. The U.K. Environment Agency ("EA") is conducting an investigation that could result in a prosecution being initiated. The U.K. Health and Safety Executive has issued three Improvement Notices requiring corrective action with which we are complying. Although we can give no assurances, based on currently available information and our understanding of similar investigations and penalties in the past, we believe that, if any charges are brought or additional corrective action orders issued and we are ultimately found to be legally responsible, the probable penalties would not be material to our financial position or results of operations.

During 2002 and 2003, we voluntarily removed filter salts from a property previously operated by Almagrera in Spain. Almagrera supplied sulphuric acid to one of our subsidiaries. Under an agreement with Almagrera, our subsidiary had for some time supplied filter salts to Almagrera to be used in the manufacture of sulphuric acid. When Almagrera filed for bankruptcy and closed its plant in 2001, a large quantity of stored filter salts was found on its premises, far from its normal warehouse. We spent $2.2 million to remove and dispose of the salts. The project has been completed.

We are aware that there is or may be soil or groundwater contamination at some of our facilities resulting from past operations. Based on available information and the indemnification rights (including indemnities provided by Huntsman Specialty, ICI, Rohm and Haas, Rhodia and Dow Chemical, for the facilities that each of them transferred to us), 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, we cannot give any assurance that such indemnities will fully cover the costs of investigation and remediation, that we will not be required to contribute to such costs or that such costs will not be material.

By a Notice of Enforcement letter dated March 6, 2003, we were notified by the TCEQ of a probable enforcement action arising out of the inspection of the Freeport, Texas facility on December 16-19, 2002. Seven types of violations relating to the Texas Clean Air Act requirements were cited. After extensive communications with the TCEQ regarding the validity of the allegations, the TCEQ determined that the imposition of penalties was inappropriate. This matter has been dropped.

Under the EU Integrated Pollution Prevention and Control Directive ("IPPC"), EU member governments are to adopt rules and implement a cross-media (air, water, waste) environmental permitting program for individual facilities. The UK was the first EU member government to request IPPC permit applications from us. In the UK, we have submitted several applications and, very recently, negotiated and received our first IPPC permits. Based upon the terms of these permits, we do not anticipate that we will have to make material capital expenditures to comply. Other IPPC permits are under review by the UK Environment Agency. We are not yet in a position to know with certainty what the other UK IPPC permits will require, and it is possible that the costs of compliance could be material; however, we believe, based upon our experience to date, that the costs of compliance with IPPC permitting in the UK will not be material to our financial condition or results of operations. Additionally, the IPPC directive has recently been implemented in France, and like our operations in the UK, we do not anticipate having to make material capital expenditures to comply.

With respect to our facilities in other EU jurisdictions, IPPC implementing legislation is not yet in effect, or we have not yet been required to seek IPPC permits. Accordingly, while we expect to incur additional future costs for capital improvements and general compliance under IPPC requirements in these jurisdictions, at the present time we are unable to determine whether or not these costs will be material. Accordingly, we cannot provide assurance that material capital expenditures and compliance costs will not be required in connection with IPPC requirements.

MTBE Developments

The use of MTBE is controversial in the United States and elsewhere and may be substantially curtailed or eliminated in the future by legislation or regulatory action. The presence of MTBE in some groundwater supplies in California and other states (primarily due to gasoline leaking from underground storage tanks) and in surface water (primarily from recreational watercraft) has led to public concern about MTBE's potential to contaminate drinking water supplies. Heightened public awareness regarding this issue has resulted in state, federal and foreign initiatives to rescind the federal oxygenate requirements for reformulated gasoline or restrict or prohibit the use of MTBE in particular. For example, the California Air Resources Board adopted regulations that prohibit the addition of MTBE to gasoline as of January 1, 2004. Certain other states have also taken actions to restrict or eliminate the future use of MTBE. In connection with its ban, the State of California requested that the EPA waive the federal oxygenated fuels requirements of the federal Clean Air Act for gasoline sold in California. The EPA denied the State's request on June 12, 2001. Certain of the state bans, including California's ban, have been challenged in court as unconstitutional (in light of the Clean Air Act). On June 4, 2003, a federal court of appeals rejected such a challenge to California's ban, ruling that the ban is not pre-empted by the Clean Air Act.

Bills have been introduced in the U.S. Congress to curtail or eliminate the oxygenated fuels requirements in the Clean Air Act, or curtail MTBE use. To date, no such legislation has become law, but such legislation is being considered by Congress and could result in a federal ban on the use of MTBE in gasoline. In addition, on March 20, 2000, the EPA announced its intention, through an advanced notice of proposed rulemaking, to phase out the use of MTBE under authority of the federal Toxic Substances Control Act. In its notice, the EPA also called on the U.S. Congress to restrict the use of MTBE under the Clean Air Act.

In Europe, the EU issued a final risk assessment report on MTBE on September 20, 2002. While no ban of MTBE was recommended, several risk reduction measures relating to storage and handling of MTBE-containing fuel were recommended. Separate from EU action, Denmark entered into a voluntary agreement with refiners to reduce the sale of MTBE in Denmark. Under the agreement, use of MTBE in 92- and 95-octane gasoline in Denmark ceased by May 1, 2002; however, MTBE is still an additive in a limited amount of 98-octane gasoline sold in about 100 selected service stations in Denmark.

Any phase-out or other future regulation of MTBE in other states, nationally or internationally may result in a significant reduction in demand for our MTBE and result in a material loss in revenues or material costs or expenditures. In the event that there should be a phase-out of MTBE in the United States, we believe we will be able to export MTBE to Europe or elsewhere or use its co-product TBA to produce saleable products other than MTBE. We believe that our low production costs at the PO/MTBE facility will put us in a favorable position relative to other higher cost sources (primarily, on-purpose manufacturing). If we opt to produce products other than MTBE, necessary modifications to our facilities may require significant capital expenditures and the sale of the other products may produce a materially lower level of cash flow than the sale of MTBE.

In addition, while we have not been named as a defendant in any litigation concerning the environmental effects of MTBE, we cannot provide assurances that we will not be involved in any such litigation or that such litigation will not have a material adverse effect on our business, financial condition, results of operations or cash flows. In 2003, the U.S. House of Representatives passed a version of an energy bill that contained limited liability protection for producers of MTBE. The Senate's version of the bill did not have liability protection. The issue was one of the reasons that a compromise energy bill was not passed. Whether a compromise will be reached on this legislation in 2004, and whether any compromise will provide liability protection for producers, are unknown. In any event, the liability protection provision in the House bill applied only to defective product claims; it would not preclude other types of lawsuits. See "—Cautionary Statement for Forward-Looking Information—Pending or future litigation or legislative initiatives related to MTBE may subject us or our products to environmental liability or materially adversely affect our sales and costs."

REACH Developments

On October 29, 2003, the European Commission adopted a proposal for a new EU regulatory framework for chemicals. Under this proposed new system called "REACH" (*R*egistration, *E*valuation and *A*uthorisation of *CH*emicals), enterprises that manufacture or import more than one ton of a chemical substance per year would be required to register such manufacture or import in a central database. The REACH initiative, as proposed, would require risk assessment of chemicals, preparations (e.g., soaps and paints) and articles (e.g., consumer products) before those materials could be manufactured or imported into EU countries. Where warranted by a risk assessment, hazardous substances would require authorizations for their use. This regulation could impose risk control strategies that would require capital expenditures by our Company. As proposed, REACH would take effect in stages over the next decade. The impacts of REACH on the chemical industry and on us are unclear at this time because the parameters of the program are still being actively debated. Nevertheless, it is possible that REACH, if implemented, would be costly to us.

Changes in Financial Condition

The following information summarizes our working capital position as of December 31, 2003 and December 31, 2002 (dollars in millions):

	December 31, 2003	December 31, 2002	Difference
Current assets:			
Cash and cash equivalents	$ 97.8	$ 75.4	$ 22.4
Accounts receivable	564.4	473.9	90.5
Inventories	596.9	561.3	35.6
Prepaid expenses	23.6	22.0	1.6
Deferred income taxes	3.0	31.2	(28.2)
Other current assets	83.6	69.4	14.2
Total current assets	1,369.3	1,233.2	136.1
Current liabilities:			
Accounts payable	561.3	568.7	(7.4)
Accrued liabilities	387.7	298.6	89.1
Current portion of long-term debt	1.8	43.9	(42.1)
Total current liabilities	950.8	911.2	39.6
Working capital	$ 418.5	$ 322.0	$ 96.5

As of December 31, 2003, our working capital increased by $96.5 million as a result of the net impact of the following significant changes:

- The increase in cash balances of $22.4 million results from the matters identified in the Consolidated Statement of Cash Flows set out in our consolidated financial statements.
- The increase in accounts receivable of $90.5 million is due primarily to higher average selling prices, resulting largely from the strength of the major European currencies versus the U.S. dollar and partly from increased underlying feedstock and raw material prices.
- The increase in inventories of $35.6 million is mainly due to an increase in feedstock and raw material prices and the strength of the major European currencies versus the U.S. dollar.
- The decrease in deferred income taxes is due to a reduction in certain financial statement reserves which are not deductible currently.
- The increase in accrued liabilities of $89.1 million results from the timing of cash payments for various accruals, of which significant fluctuations include increases of $26.1 million in taxes payable, $12.3 million in rebate accruals, $17.2 million in accrued interest, $15.4 million in restructuring costs due to new charges in 2003, $9.7 million in payroll related costs and certain additional smaller fluctuations and the strength of the major European currencies versus the U. S. dollar.
- The decrease in current portion of long-term debt of $42.1 million is due to the prepayment of scheduled debt payments on the term portion of the HI Credit Facilities with the proceeds of the 2003 Senior Notes issued on April 11, 2003 and with the proceeds of the issuance of additional term B and term C loans on October 22, 2003.

Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America 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:

Long-Lived Assets

The determination of useful lives of our property, plant and equipment is considered a critical accounting estimate. Such lives 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 30 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.

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 property to the carrying value. Key assumptions in determining the future cash flows include the useful life, technology, competitive pressures, raw material pricing and regulations.

Restructuring and Plant Closing Costs

We have recorded restructuring charges in recent years in connection with closing certain plant locations, work force 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. Estimates for plant closing 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 work force reductions and other cost savings are recorded based upon estimates of the number of positions to be terminated, termination benefits to be provided and other information as necessary. Management evaluates the estimates on a quarterly basis and adjusts the reserve when information indicates that the estimate is above or below the initial estimate.

Income Taxes

Deferred income taxes are provided for temporary differences between financial statement income and taxable income using the asset and liability approach. We have significant NOLs in various foreign jurisdictions. While the majority of the NOLs have no expiration date, certain NOLs have a limited life and begin to expire in 2006. We record valuation allowances based upon our evaluation of positive and negative evidence about realization of such deferred tax assets. Such evaluations require us to consider future taxable income in the related jurisdictions. Significant judgment is required due to the nature of our operations and the complexity of the numerous tax jurisdictions in which we operate. As of December 31, 2003, we have provided a valuation allowance of $64.5 million to reduce the deferred tax asset related to NOLs to the amount that we expect to be realized.

Employee Benefit Programs

We sponsor various contributory and non-contributory defined benefit plans covering employees in the U.S., U.K., Netherlands, Belgium, Canada and a number of other countries. We fund the material plans through trust arrangements (or local equivalents) where the assets are held separately from the employer. We also sponsor unfunded post-retirement 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 the notes to the consolidated financial statements.

During 2003, we revised our expected return on plan assets and rate of compensation increases for our defined benefit plans to 7.29% from 7.00% and to 3.76% from 3.39% respectively, and the discount rate on our defined benefit plans and expected healthcare trend rate in the next four years for our other post retirement benefit plans to 6.25% from 6.62% and to 11% from 10%, respectively, as a result of current economic conditions based upon discussions with our actuaries, the historical long-term returns of our pension assets, recent market information related to interest rates and equity performance.

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. Adjustments to our estimates are made periodically based upon additional information received as remediation progresses. For further information see "Item 1—Business—Environmental Regulation" and "Note 18—Environmental Matters" to the consolidated financial statements.

Recently Issued Financial Accounting Standards

In January 2003, the Financial Accounting Standards Board ("FASB") issued FIN No. 46, *"Consolidation of Variable Interest Entities."* FIN No. 46 addresses the requirements for business enterprises to consolidate related entities, for which they do not have controlling interests through voting or other rights, if they are determined to be the primary beneficiary as a result of variable economic interests. Transfers to a qualifying special purpose entity are not subject to this interpretation. In December 2003, the FASB issued a complete replacement of FIN No. 46 (FIN No. 46R), which clarified certain complexities and generally requires adoption no later than March 31, 2004 for all entities other than special purpose entities under previous guidance. We are currently evaluating the impact of adopting FIN No. 46R.

Cautionary Statement for Forward-Looking Information

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 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. The following are among the factors that could cause actual results to differ materially from the forward-looking statements. There may be other factors, including those discussed elsewhere in this report, that may cause our actual results to differ materially from the forward-looking statements. Any forward-looking statements should be considered in light of all such factors.

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

A substantial portion of our revenue is attributable to sales of commodity products, including most of the products of our Base Chemicals and Pigments businesses which generated approximately 44% of our revenue for the year ended December 31, 2003. Historically, the prices for our commodity products have been cyclical and sensitive to relative changes in supply and demand, the availability and price of feedstocks and general economic conditions. Our other products may be subject to these same factors, but, typically, the impact of these factors is greatest on our commodity products.

Historically, the markets for many of our products, particularly our commodity products, have experienced alternating periods of tight supply, causing prices and profit margins to increase, followed by periods of capacity additions, resulting in oversupply and declining prices and profit margins. Currently, several of our markets are experiencing periods of oversupply, and the pricing of our products in these markets is depressed. We cannot guarantee that future growth in demand for these products will be sufficient to alleviate any existing or future conditions of excess industry capacity or that such conditions will not be sustained or further aggravated by anticipated or unanticipated capacity additions or other events.

In addition, sales of certain of our products, particularly ethylene and propylene in our Base Chemicals business, are, and historically have been, dependent upon the continued demand from several key customers. This is a common characteristic in the Base Chemicals business. Six customers are expected to account for over 75% of our ethylene sales in 2004 and four customers are expected to account for over 85% of our propylene sales in 2004. Accordingly, the loss of any of our key Base Chemicals customers could have a material adverse effect on our business and results of operations.

A major customer of our Base Chemicals business has indicated that, upon termination of our existing contract as of December 31, 2005, it will discontinue purchasing ethylene and propylene from us. We expect this customer to purchase approximately 20% of our 2004 ethylene production and approximately 19% of our 2004 propylene production pursuant to the contract which will terminate December 31, 2005. We believe the expected market conditions in Europe for ethylene and propylene will be such that we will be able to sell, upon expiration of the contract, a substantial portion of the ethylene and propylene such customer historically purchased at prices that generate margins comparable to those historically obtained on sales to such customer. However, if market demand for ethylene or propylene in Europe is weaker than expected, we may experience difficulty in selling the ethylene and propylene historically purchased by such customer, or we may have difficulty selling such ethylene and propylene at comparable margins. Failure to place the ethylene or propylene, or the failure to receive comparable margins for such ethylene and propylene, could have a material adverse effect on our business and results of operations.

We have substantial debt that we may be unable to service and that restricts our activities, which could adversely affect our ability to meet our obligations.

As of December 31, 2003, we had total outstanding indebtedness of $2,927.1 million (including the current portion of long-term debt) and a debt to total capitalization ratio of approximately 72%. 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. However, the indentures governing our outstanding senior notes and senior subordinated notes and our senior secured credit facilities all contain restrictive covenants. Among other things, these covenants limit or prohibit our ability to incur more debt; make prepayments of other debt, including our senior notes and senior subordinated notes, in whole or in part; 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; and merge or consolidate and transfer or sell assets. Additionally, our senior secured credit facilities provide that we will not, and will not permit any of our subsidiaries to, amend, modify or terminate any provisions of our senior notes or senior subordinated notes. Also, if we undergo a change of control, the indentures governing our outstanding senior notes and senior subordinated notes require us to make an offer to purchase the notes. Under these circumstances, we may also be required to repay indebtedness under our senior secured credit facilities to the extent of the value of the assets securing such indebtedness. In this event, we may not have the financial resources necessary to purchase our notes or repay indebtedness under our senior secured credit facilities, which would result in an event of default.

The degree to which we have outstanding debt could have important consequences for our business, including:

- Approximately 53% of our EBITDA for 2003 was applied towards cash payment of interest on our debt, which reduced funds available for other purposes, including our operations and future business opportunities;
- our ability to obtain additional financing may be constrained due to our existing level of debt;
- a high degree of debt will make us more vulnerable to a downturn in our business or the economy in general; and
- part of our debt is, and any future debt may be, subject to variable interest rates, which might make us vulnerable to increases in interest rates.

We have no scheduled principal payments under our senior secured credit facilities until the second quarter 2005. In each of 2005 and 2006, our scheduled principal payments under the HI Credit Facilities are approximately $12 million per annum. Our $400 million HI Revolving Facility matures in June 2005. Our ability to make scheduled payments of principal and interest on, or to refinance, our debt depends on our future financial performance, which, to a certain extent, is subject to economic, competitive, regulatory and other factors beyond our control. We cannot guarantee that we will have sufficient cash from our operations or other sources to service our debt. If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets or seek to obtain additional equity capital or restructure or refinance our debt. We cannot guarantee that such alternative measures would be successful or would permit us to meet our scheduled debt service obligations. In the absence of operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service obligations. We cannot guarantee our ability to consummate any asset sales or that any proceeds from an asset sale would be sufficient to meet the obligations then due.

If we are unable to generate sufficient cash flow and we are 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, including those under our senior secured credit facilities and the indentures governing our outstanding senior notes and senior subordinated notes, we could be in default under the terms of those agreements. In the event of a default by us, a holder of the indebtedness could elect to declare all of the funds borrowed under those agreements to be due and payable together with accrued and unpaid interest, the lenders under our senior secured credit facilities could elect to terminate their commitments thereunder and we could be forced into bankruptcy or liquidation. Any default under the agreements governing our indebtedness could have a material adverse effect on our ability to pay principal and interest on the notes and on the market value of the notes.

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

Our debt is the exclusive obligation of our Company and any guarantors thereof and not of any of our other subsidiaries. Because a significant portion of our operations are conducted by our subsidiaries, our cash flow and our ability to service indebtedness, are dependent to a large extent upon cash dividends and distributions or other transfers from our subsidiaries. Any payment of dividends, distributions, loans or advances by our 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 instruments governing the debt of our subsidiaries, which at the present time is not significant. 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 the guarantors of our notes, have no obligation, contingent or otherwise, to pay any amounts due pursuant to our debt or to make any funds available therefore, 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 our debt to realize proceeds from the sale of their assets, will be junior to the claims of that subsidiary's creditors, including trade creditors and holders of debt issued by that subsidiary. In addition, the guarantees of our debt are subordinated to all indebtedness of each guarantor that is secured to the extent of the value of the assets securing such indebtedness.

Significant price volatility of raw materials or disruptions in the availability of raw materials may result in increased costs that we may not be able to pass on to our customers.

The prices for a large portion of our raw materials may be subject to significant volatility. While we frequently enter into supply agreements, as is the general practice in our industries, these agreements typically provide for market-based pricing. As a result, our supply agreements provide only limited protection against price volatility. In addition, the commodity markets for our raw materials may be subject to disruptions. If our suppliers are unable to meet their obligations under applicable supply agreements or we otherwise are unable to obtain efficiently priced raw materials, our business may be disrupted. In the case of either raw material price increases or supply disruptions, we could incur significant additional costs. While we attempt to match cost increases with corresponding product price increases, we are not always able to immediately raise product prices, and, ultimately, our ability to pass on underlying cost increases to our customers is greatly dependent upon market conditions. Any underlying cost increase that we are not able to pass on to our customers could have a material adverse effect on our business, financial condition, results of operations or cash flows.

The industries in which we compete are highly competitive and we may not be able to compete effectively with our competitors that are larger and have greater resources.

The industries in which we operate are highly competitive. Among our competitors are some of the world's largest chemical companies and major integrated petroleum companies that have their own raw material resources. Some of these companies may be able to produce products more economically than we can. In addition, many of our competitors are larger and 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 develop proprietary technology that enables them to produce products at a significantly lower cost, our technology could be rendered uneconomical or obsolete. Moreover, certain of our businesses use technology that is widely available. Accordingly, barriers to entry, apart from capital availability, are low in certain product segments of our business, and the entrance of new competitors into the industry may reduce our ability to capture improving profit margins in circumstances where capacity utilization in the industry is increasing. Further, petroleum-rich countries have become more significant participants in the petrochemical industry and may expand this role significantly in the future. Any of these developments would have a significant impact on our ability to enjoy higher profit margins during periods of increased demand. See "—Cautionary Statement for Forward-Looking Information—Demand for some of our products is cyclical and we may experience prolonged depressed market conditions for our products."

Our ability to repay our debt may be adversely affected if our joint venture partners do not perform their obligations or we have disagreements with them.

We conduct a substantial amount of our operations through our joint ventures. Our ability to meet our debt service obligations depends, in part, upon the operation of our joint ventures. If any of our joint venture partners fails to observe its commitments, that joint venture may not be able to operate according to its business plans or we may be required to increase our level of commitment to give effect to those plans. In general, joint venture arrangements may be affected by relations between the joint venture partners. Differences in views among the partners may, for example, result in delayed decisions or in failure to agree on significant matters. Such circumstances may have an adverse effect on the business and operations of the joint ventures, adversely affecting the business and operations of our Company. If we cannot agree with our joint venture partners on significant issues, we may experience a material adverse effect on our business, financial condition, results of operations or cash flows.

Terrorist attacks, such as the attacks that occurred on September 11, 2001, the current military action in Iraq, general instability in various OPEC member nations and the threat of prolonged military action in Iraq and other attacks or acts of war in the United States and abroad may adversely affect the markets in which we operate, our operations and our profitability.

The attacks of September 11, 2001 and subsequent events, including the current military action in Iraq, have caused instability in the United States and other financial markets and have led, and may continue to lead to, further armed hostilities, prolonged military action in Iraq, or further acts of terrorism in the United States or abroad, which could cause further instability in financial markets. Current regional tensions and conflicts in various OPEC member nations, including the current military action in Iraq, have caused, and may continue to cause, escalated raw material costs, specifically raising the prices of oil and gas, which are used in our operations. In addition, the uncertainty surrounding the current military action in Iraq and the threat of further armed hostilities or acts of terrorism may impact any or all of our physical facilities and operations, which are located in Europe, North America, Australia, Asia, Africa, South America, and the Middle East, or those of our customers. Furthermore, the terrorist attacks, subsequent events and future developments in any of these areas may result in reduced demand from our customers for our products. These developments will subject our worldwide operations to increased risks and, depending on their magnitude, could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Pending or future litigation or legislative initiatives related to MTBE may subject us or our products to environmental liability or materially adversely affect our sales and costs.

The use of MTBE is controversial in the United States and elsewhere and may be substantially curtailed or eliminated in the future by legislation or regulatory action. The presence of MTBE in some groundwater supplies in California and other states (primarily due to gasoline leaking from underground storage tanks) and in surface water (primarily from recreational watercraft) has led to public concern about MTBE's potential to contaminate drinking water supplies. Heightened public awareness regarding this issue has resulted in state, federal and foreign initiatives to rescind the federal oxygenate requirements for reformulated gasoline or restrict or prohibit the use of MTBE in particular. For example, the California Air Resources Board adopted regulations that prohibit the addition of MTBE to gasoline as of January 1, 2004. Certain other states have also taken actions to restrict or eliminate the future use of MTBE. In connection with its ban, the State of California requested that the EPA waive the federal oxygenated fuels requirements of the federal Clean Air Act for gasoline sold in California. The EPA denied the State's request on June 12, 2001. Certain of the state bans, including California's ban, have been challenged in court as unconstitutional (in light of the Clean Air Act). On June 4, 2003, a federal court of appeals rejected such a challenge to California's ban, ruling that the ban is not pre-empted by the Clean Air Act.

Bills have been introduced in the U.S. Congress to curtail or eliminate the oxygenated fuels requirements in the Clean Air Act, or curtail MTBE use. To date, no such legislation has become law, but such legislation is being considered by Congress and could result in a federal ban on the use of MTBE in gasoline. In addition, on March 20, 2000, the EPA announced its intention, through an advanced notice of proposed rulemaking, to phase out the use of MTBE under authority of the federal Toxic Substances Control Act. In its notice, the EPA also called on the U.S. Congress to restrict the use of MTBE under the Clean Air Act.

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Any phase-out or other future regulation of MTBE in other states, nationally or internationally may result in a significant reduction in demand for our MTBE and result in a material loss in revenues or material costs or expenditures. In the event that there should be a phase-out of MTBE in the United States, we believe we will be able to export MTBE to Europe or elsewhere or use its co-product TBA to produce saleable products other than MTBE. We believe that our low production costs at our PO/MTBE facility will put us in a favorable position relative to other higher cost sources (primarily, on-purpose manufacturing). If we opt to produce products other than MTBE, necessary modifications to our facilities may require significant capital expenditures and the sale of the other products may produce a materially lower level of cash flow than the sale of MTBE.

In addition, while we have not been named as a defendant in any litigation concerning the environmental effects of MTBE, we cannot provide assurances that we will not be involved in any such litigation or that such litigation will not have a material adverse effect on our business, financial condition, results of operations or cash flows. In 2003, the U.S. House of Representatives passed a version of an energy bill that contained limited liability protection for producers of MTBE. The

Senate's version of the bill did not have liability protection. The issue was one of the reasons that a compromise energy bill was not passed. Whether a compromise will be reached on this legislation in 2004, and whether any compromise will provide liability protection for producers, are unknown. In any event, the liability protection provision in the House bill applied only to defective product claims; it would not preclude other types of lawsuits. For additional information on recent developments concerning MTBE, see "Business—Polyurethanes—MTBE Developments."

If we are unable to maintain our relationships with Huntsman LLC then we may not be able to replace on favorable terms our contracts with them or the services and facilities that they provide, if at all.

We have entered and will continue to enter into certain agreements, including service, supply and purchase contracts with Huntsman LLC. If Huntsman LLC or any of its affiliates fail to perform their obligations under any of these agreements, or if any of these agreements terminate or we are otherwise unable to obtain the benefits thereunder for any reason, there could be a material adverse effect on our business, financial condition, results of operations or cash flows if we are unable to obtain similar service, supply or purchase contracts on the same terms from third parties. For example, we have only one operating facility for our production of PO, which is located in Port Neches, Texas. The facility is dependent on the existing infrastructure and adjacent facilities of Huntsman LLC for certain utilities, raw materials, product distribution systems and safety systems. In addition, we depend upon employees of Huntsman LLC to operate our Port Neches facility. We purchase all of the propylene used in the production of PO through Huntsman LLC's pipeline, which is the only existing propylene pipeline connected to our PO facility. If we were required to obtain propylene from another source, we would need to make a substantial investment in an alternative pipeline. This could have a material adverse effect on our business, financial condition, results of operations or cash flows.

We are subject to many environmental and safety regulations that may result in unanticipated costs or liabilities.

We are subject to extensive federal, state, local and foreign laws, regulations, rules and ordinances relating to pollution, the protection of the environment and the use or cleanup of hazardous substances and wastes. We may incur substantial costs, including fines, damages and criminal or civil sanctions, or experience interruptions in our operations for actual or alleged violations or compliance requirements arising under environmental laws. Our operations could result in violations of environmental laws, including spills or other releases of hazardous substances to the environment. In the event of a significant incident, we could incur material costs.

Given the nature of our business, violations of environmental laws may result in restrictions imposed on our operating activities, substantial fines, penalties, damages or other costs, any of which could have a material adverse effect on our business, financial condition, results of operations or cash flows. We know of several pending matters involving alleged violations of environmental law that may result in penalties over $100,000. These matters are discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Environmental Matters."

In addition, we could incur significant expenditures in order to comply with existing or future environmental or safety laws. Capital expenditures and, to a lesser extent, costs and operating expenses 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. Accordingly, we cannot provide assurances that capital expenditures beyond those currently anticipated will not be required under existing or future environmental or safety laws. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Environmental Matters."

We have planned capital expenditures to comply with national legislation implementing IPPC. Under IPPC, EU member governments are to adopt rules and implement a cross-media (air, water, waste) environmental permitting program for individual facilities. The UK was the first EU member government to request IPPC permit applications from us. In the UK, we have submitted several applications and, very recently, negotiated and received our first IPPC permits. Based upon the terms of these permits, we do not anticipate that we will have to make material capital expenditures to comply. Other IPPC permits are under review by the UK Environment Agency. We are not yet in a position to know with certainty what the other UK IPPC permits will require, and it is possible that the costs of compliance could be material; however, we believe, based upon our experience to date, that the costs of compliance with IPPC permitting in the UK will not be material to our financial condition or results of operations. Additionally, the IPPC directive has recently been implemented in France, and like our operations in the UK, we do not anticipate having to make material capital expenditures to comply. With respect to our facilities in other EU jurisdictions, IPPC implementing legislation is not yet in effect, or we have not yet been required to seek IPPC permits. Accordingly, while we expect to incur additional future costs for capital improvements and general compliance under IPPC requirements in these jurisdictions, at the present time we are unable to determine whether or not these costs will be material. Accordingly, we cannot provide assurance that material capital expenditures and compliance costs will not be required in connection with IPPC requirements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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 wastes or from disposal activities that pre-dated the purchase of our businesses. Based on available information and the contractual rights that we possess to seek indemnification from third parties with respect to certain environmental issues, we believe that the costs to investigate and remediate known contamination will not have a material adverse effect on our business, financial condition, results of operations or cash flows. However, if significant previously unknown contamination is discovered, if existing laws change or if our indemnities do not cover the costs of investigation and remediation, then such expenditures could have a material adverse effect on our business, financial condition, results of operations or cash flows. See "Business—Environmental Regulation."

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

We conduct a significant portion of our business outside the United States. Our operations outside the United States are subject to risks normally associated with international operations. These risks include the need to convert currencies which we may receive for our products into currencies required to pay our debt, or 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. Other risks of international operations include trade barriers, tariffs, exchange controls, national and regional labor strikes, social and political risks, general economic risks, required compliance with a variety of foreign laws, including tax laws and the difficulty of enforcing agreements and collecting receivables through foreign legal systems.

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 rely on judicial enforcement for protection of our patents. While a presumption of validity exists with respect to patents issued to us in the United States, 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 the use of any such intellectual property by our competitors could have a material adverse effect on our business, financial condition, results of operations or cash flows. 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, financial condition, results of operations or cash flows.

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 such trade secrets and know-how. In addition, others could obtain knowledge of such 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, financial condition, results of operations or cash flows.

We rely on our key executives to achieve important financial goals.

Our ability to meet our financial goals depends to a large extent on our senior management team and other key executives. The achievement of our financial goals requires significant management time and, to the extent that members of senior management are unavailable, for any reason, including allocation of management time to other companies, such as Huntsman LLC and AdMat, that are now or may become part of the Huntsman Holdings organization, our business could be adversely affected. Although we believe that we could replace senior management within a reasonable period of time, the absence of these key personnel could adversely affect our business.

If we are unable to maintain an effective working relationship with GOP, our business could be adversely affected.

GOP has certain important rights pursuant to the limited liability company agreement of Huntsman Holdings (the "Huntsman Holdings LLC Agreement") and an Interest Holders Agreement among Huntsman Holdings, HGI, HMP, Huntsman LLC, Huntsman Family Holdings Company LLC, and GOP (the "Interest Holders Agreement") that relate to the designation of directors and managers, approval rights with respect to the taking of certain actions, and the initiation of certain sales of all or substantially all the assets or equity of HGI, HMP or Huntsman LLC. Under the Huntsman Holdings LLC Agreement, GOP has the right to designate some, but less than a majority, of the directors or managers, as applicable, of HGI, HMP and Huntsman LLC. GOP also has the right to designate one manager of HIH pursuant to the Interest Holders Agreement and under certain circumstances may acquire the right to designate one manager of our Company. In addition, GOP has the right to prevent our Company from taking certain actions or engaging in certain specified transactions as more fully described in "Security Ownership of Certain Beneficial Owners and Management" below. If we are unable to maintain an effective working relationship with GOP, it could become difficult to take actions that require GOP's approval, which could adversely affect our ability to manage our business.

Certain events could result in a change of control of our Company.

Huntsman LLC has certain term and revolving credit facilities (the "HLLC Credit Facilities"), and has also issued certain senior secured notes (the "HLLC Secured Notes") that are secured, in part, by a pledge of 60% of the equity of HIH. The sale of those pledged interests, whether as a result of a foreclosure under the HLLC Credit Facilities or the HLLC Secured Notes or in connection with a bankruptcy or similar proceedings or otherwise, could result in a change in control of our Company.

HMP issued certain senior discount notes (the "HMP Senior Discount Notes") in connection with its acquisition of the outstanding minority interests of HIH. The HMP Senior Discount Notes are secured by, among other things, a pledge of 40% of the equity interests of HIH, as well as all the equity interests of Huntsman LLC and HMP. In the event of a default under the HMP Senior Discount Notes, the trustee under the indenture governing the HMP Senior Discount Notes could foreclose on the collateral, including those equity interests. Sale of those equity interests, whether as a result of foreclosure or in connection with bankruptcy or similar proceedings or otherwise, could result in a change in control of our Company.

GOP has certain rights under the Huntsman Holdings LLC Agreement, after September 30, 2007, to initiate the sale of all or substantially all of the equity or assets of HGI, HMP or Huntsman LLC. The organizational documents of HGI, HMP, and Huntsman LLC require the directors or managers, as applicable, to take certain actions in order to facilitate any such process. If the directors or managers of HGI, HMP or Huntsman LLC fail to take those actions, GOP will acquire the right to designate a majority of such directors or managers which could result in a change in control of our Company, as could the consummation of any sale contemplated by the foregoing process or otherwise.

A change of control of our Company would be an event of default under the HI Credit Facilities and would give the holders of the Senior Notes and Subordinated Notes the right to require us to purchase their notes at 101% of the aggregate principal amount. There can be no assurance that we would have funds available to complete such purchases.

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 9A. CONTROLS AND PROCEDURES

In connection with the audit of the financial statements of our parent HMP Equity Holdings Corporation and its subsidiaries for the year ended December 31, 2003, HMP's independent auditors identified several matters that they deemed to be "material weaknesses" in HMP's internal controls as defined in standards established by the American Institute of Certified Public Accountants. On September 15, 2004, the auditors issued a formal letter reporting these matters. As noted by the auditors, these material weaknesses led to restatements of the financial statements of HMP and some of its subsidiaries, including us, in recent periods.

The principal material weakness identified by the auditors was that HMP's controllership function did not have an adequate formal process in place to gather the data required to prepare the financial statements and disclosures required for the numerous financial reporting requirements of HMP and some of its subsidiaries, including us. Specifically, the auditors noted that there was not a detailed review of the data supporting the disclosures in the financial statements by a senior member of the controllership function, that supporting documentation for certain disclosures was very limited, that the processes used to aggregate the information varied by subsidiary, without a standard, comprehensive package of supporting disclosure, and that information delivered to senior management and the audit committee was not timely and was often incomplete. In addition, the auditors noted that we had made a data entry error during the transition of its PO business to the SAP enterprise resource planning system in April 2003. This error, which was not detected until February 2004, led to the restatement of our third quarter 2003 financial statements. The auditors also noted that during 2003, loss on sale of accounts receivable related to our receivables securitization program was reported incorrectly due to a failure to properly understand certain aspects of the securitization program and a lack of oversight in the accounting for the program. This error led to the restatement of our financial statements for the first three quarters of 2003. On October 12, 2004, we announced that we had determined to reclassify certain amounts in our consolidated statements of cash flows caused by errors in the automated process by which we determined the effect and classification of foreign exchange rates and the repayment of debt by a subsidiary on our statements of cash flows. These errors led to a restatement of our financial statements for the six months ended June 30, 2004 and year ended December 31, 2003. As previously announced, these reclassifications had no impact on our consolidated statements of operations.

HMP and its subsidiaries entered into a number of significant transactions in 2003, including the acquisitions of the HIH minority interests and the Huntsman Advanced Materials business, which significantly increased their financial reporting obligations. To improve the companies' financial accounting organization and processes, HMP appointed a new independent director as the chairman of the companies' audit committee in December 2003. In addition, since the beginning of 2004, HMP has replaced the companies' Controller and has added 13 new positions in the areas of finance, treasury, internal controls and internal audit, including a Director of Financial Reporting and a Director of Internal Controls. HMP intends to add two more positions in internal audit before the end of the year. HMP has also adopted and implemented additional policies and procedures to strengthen the companies' financial reporting system.

Our management, with the participation of our chief executive officer and chief financial officer, has re-evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2003. In undertaking this re-evaluation, our management has considered the matters identified by the auditors. Based on this re-evaluation, our chief executive officer and chief financial officer have concluded that, as of December 31, 2003, our disclosure controls and procedures were (1) designed to ensure that material information relating to our Company, including our consolidated subsidiaries, is made known to the chief executive officer and chief financial officer by others within those entities, particularly during the period in which this report was being prepared, and (2) effective, in that they provide reasonable assurance that information required to be disclosed by our Company in the reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms.

No change in our internal control over financial reporting occurred during the three months ended December 31, 2003 that has materially affected, or is 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).

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Documents filed with this report.

1. Consolidated Financial Statements:

See Index to Consolidated Financial Statements on page F-1

2. Financial Statement Schedule:

See Index to Consolidated Financial Statements on page F-1

3. Exhibits:

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

(b) Reports on Form 8-K.

During the quarter ended December 31, 2003, we filed (i) a report on Form 8-K dated November 10, 2003, that sets forth information under Item 12, "Results of Operations and Financial Condition" (the "Initial Report"), and (ii) an amendment to the Initial Report on Form 8-K/A dated November 12, 2003.

(c) Description of exhibits.

Number	Description of Exhibits
3.1	Certificate of Formation of Huntsman International LLC (incorporated by reference to Exhibit 3.1 to our registration statement on Form S-4 (File No. 333-85141))
3.2	Second Amended and Restated Limited Liability Company Agreement of Huntsman International LLC dated December 20, 2001 (incorporated by reference to Exhibit 3.2 to amendment no. 1 to our annual report on Form 10-K/A for the year ended December 31, 2001)
3.3	Certificate of Formation of Huntsman International Financial LLC (incorporated by reference to Exhibit 3.3 to our registration statement on Form S-4 (File No. 333-85141))
3.4	Limited Liability Company Agreement of Huntsman International Financial LLC dated June 18, 1999, as amended by the First Amendment dated June 19, 1999 (incorporated by reference to Exhibit 3.4 to our registration statement on Form S-4 (File No. 333-85141))
3.5	Memorandum of Association of Tioxide Group (incorporated by reference to Exhibit 3.5 to our registration statement on Form S-4 (File No. 333-85141))
3.6	Articles of Association of Tioxide Group (incorporated by reference to Exhibit 3.6 to our registration statement on Form S-4 (File No. 333-85141))
3.7	Memorandum of Association of Tioxide Americas Inc. (incorporated by reference to Exhibit 3.7 to our registration statement on Form S-4 (File No. 333-85141))
3.8	Articles of Association of Tioxide Americas Inc. (incorporated by reference to Exhibit 3.8 to our registration statement on Form S-4 (File No. 333-85141))
3.9	Certificate of Amendment to Certificate of Formation of Huntsman International LLC (incorporated by reference to Exhibit 3.9 to our annual report on Form 10-K for the year ended December 31, 2000)
3.10	Certificate of Amendment to Certificate of Formation of Huntsman International Financial LLC (incorporated by reference to Exhibit 3.10 to our annual report on Form 10-K for the year ended December 31, 2000)
3.11	Certificate of Formation of Huntsman Propylene Oxide Holdings LLC (incorporated by reference to Exhibit 3.7 to our registration statement on Form S-4 (File No. 333-58578))
3.12	Limited Liability Company Agreement of Huntsman Propylene Oxide Holdings LLC dated July 12, 2000 (incorporated by reference to Exhibit 3.8 to our registration statement on Form S-4 (File No. 333-58578))

3.13	Certificate of Formation of Huntsman EA Holdings LLC (incorporated by reference to Exhibit 3.9 to our registration statement on Form S-4 (File No. 333-58578))
3.14	Limited Liability Company Agreement of Huntsman EA Holdings LLC dated December 22, 2000 (incorporated by reference to Exhibit 3.10 to our registration statement on Form S-4 (File No. 333-58578))
3.15	Certificate of Formation of Huntsman Texas Holdings LLC (incorporated by reference to Exhibit 3.11 to our registration statement on Form S-4 (File No. 333-58578))
3.16	Limited Liability Company Agreement of Huntsman Texas Holdings LLC dated July 12, 2000 (incorporated by reference to Exhibit 3.12 to our registration statement on Form S-4 (File No. 333-58578))
3.17	Certificate of Formation of Eurofuels LLC (incorporated by reference to Exhibit 3.13 to our registration statement on Form S-4 (File No. 333-58578))
3.18	Limited Liability Company Agreement of Eurofuels LLC dated July 12, 2000 (incorporated by reference to Exhibit 3.14 to our registration statement on Form S-4 (File No. 333-58578))
3.19	Certificate of Formation of Eurostar Industries LLC (incorporated by reference to Exhibit 3.15 to our registration statement on Form S-4 (File No. 333-58578))
3.20	Limited Liability Company Agreement of Eurostar Industries LLC dated July 12, 2000 (incorporated by reference to Exhibit 3.16 to our registration statement on Form S-4 (File No. 333-58578))
3.21	Certificate of Limited Partnership of Huntsman Ethyleneamines Ltd. (incorporated by reference to Exhibit 3.17 to our registration statement on Form S-4 (File No. 333-58578))
3.22	Articles of Limited Partnership of Huntsman Ethyleneamines Ltd. dated January 5, 2001 (incorporated by reference to Exhibit 3.18 to our registration statement on Form S-4 (File No. 333-58578))
3.23	Certificate of Limited Partnership of Huntsman Propylene Oxide Ltd. (incorporated by reference to Exhibit 3.19 to our registration statement on Form S-4 (File No. 333-58578))
3.24	First Amended and Restated Articles of Limited Partnership of Huntsman Propylene Oxide Ltd. dated October 1, 2000 (incorporated by reference to Exhibit 3.20 to our registration statement on Form S-4 (File No. 333-58578))
3.25	Certificate of Limited Partnership of Huntsman International Fuels, L.P. (incorporated by reference to Exhibit 3.21 to our registration statement on Form S-4 (File No. 333-58578))
3.26	Certificate of First Amendment to Certificate of Limited Partnership of Huntsman International Fuels, L.P. (incorporated by reference to Exhibit 3.22 to our registration statement on Form S-4 (File No. 333-58578))
3.27	First Amended and Restated Articles of Limited Partnership of Huntsman International Fuels, L.P. dated October 1, 2000 (incorporated by reference to Exhibit 3.23 to our registration statement on Form S-4 (File No. 333-58578))
4.1	Indenture, dated as of June 30, 1999, among Huntsman International LLC (f/k/a Huntsman ICI Chemicals LLC), the Guarantors party thereto and Bank One, N.A., as Trustee, relating to the $10^1/8$% Senior Subordinated Notes due 2009 (incorporated by reference to Exhibit 4.1 to our registration statement on Form S-4 (File No. 333-85141))
4.2	Form of $10^1/8$% Senior Subordinated Note due 2009 denominated in dollars (included as Exhibit A-3 to Exhibit 4.1)
4.3	Form of $10^1/8$% Senior Subordinated Note due 2009 denominated in euros (included as Exhibit A-4 to Exhibit 4.1)
4.4	Form of Guarantee relating to the $10^1/8$% Senior Subordinated Notes due 2009 (included as Exhibit E of Exhibit 4.1)
4.5	First Amendment, dated January 5, 2000, to Indenture, dated as of June 30, 1999, among Huntsman International LLC (f/k/a Huntsman ICI Chemicals LLC), as Issuer, each of the Guarantors named therein and Bank One, N.A., as Trustee (incorporated by reference to Exhibit 4.6 to our registration statement on Form S-4 (File No. 333-85141))

4.6	Indenture, dated as of March 13, 2001, among Huntsman International LLC, as Issuer, the Guarantors named therein and The Bank of New York, as Trustee, relating to $10^1/8$% Senior Subordinated Notes due 2009 (incorporated by reference to Exhibit 4.6 to amendment no. 1 to our annual report on Form 10-K/A for the year ended December 31, 2001)
4.7	Form of $10^1/8$% Senior Subordinated Note due 2009 denominated in dollars (included as Exhibit A-3 to Exhibit 4.6)
4.8	Form of $10^1/8$% Senior Subordinated Note due 2009 denominated in euros (included as Exhibit A-4 to Exhibit 4.6)
4.9	Form of Guarantee relating to the $10^1/8$% Senior Subordinated Notes due 2009 (included as Exhibit E of Exhibit 4.6)
4.10	First Supplemental Indenture, dated as of January 11, 2002, among Huntsman International LLC, as Issuer, the Guarantors named therein and The Bank of New York, as Trustee, relating to $10^1/8$% Senior Subordinated Notes due 2009 (incorporated by reference to Exhibit 4.7 to amendment no. 1 to our annual report on Form 10- K/A for the year ended December 31, 2001)
4.11	Indenture, dated as of March 21, 2002, among Huntsman International LLC, as Issuer, the Guarantors named therein and Wells Fargo Bank Minnesota, National Association, as Trustee, relating to the $9^7/8$% Senior Notes due 2009 (incorporated by reference to Exhibit 4.8 to amendment no. 1 to our annual report on Form 10-K/A for the year ended December 31, 2001)
4.12	Form of $9^7/8$% Senior Note due 2009 denominated in dollars (included as Exhibit A-3 to Exhibit 4.11)
4.13	Form of $9^7/8$% Senior Note due 2009 denominated in euros (included as Exhibit A-4 to Exhibit 4.11)
4.14	Form of Guarantee relating to the $9^7/8$% Senior Notes due 2009 (included as Exhibit E of Exhibit 4.11)
4.15	Amended and Restated Guarantee, dated as of April 11, 2003, among the Guarantors named therein and Wells Fargo Bank Minnesota, National Association, as Trustee, relating to the $9^7/8$% Senior Notes due 2009 (incorporated by reference to Exhibit 4.15 to our registration statement on Form S-4 (File No. 333-106482))
4.16	Exchange and Registration Rights Agreement, dated as of March 21, 2002, among Huntsman International LLC, the Guarantors as defined therein, and the Purchasers as defined therein, relating to the $9^7/8$% Senior Notes due 2009 (incorporated by reference to Exhibit 4.9 to amendment no. 1 to our annual report on Form 10-K/A for the year ended December 31, 2001)
4.17	Exchange and Registration Rights Agreement, dated as of April 11, 2003, among Huntsman International LLC, the Guarantors, as defined therein, and the Purchasers as defined therein, relating to the $9^7/8$% Senior Notes due 2009 (incorporated by reference to Exhibit 4.17 to our registration statement on Form S-4 (File No. 333-106482))
10.1	Contribution Agreement, dated as of April 15, 1999, by and among Imperial Chemical Industries PLC, Huntsman Specialty Chemicals Corporation, Huntsman International Holdings LLC (f/k/a Huntsman ICI Holdings LLC) and Huntsman International LLC (f/k/a Huntsman ICI Chemicals LLC) as amended by the first Amending Agreement, dated June 4, 1999, the second Amending Agreement, dated June 30, 1999, and the third Amending Agreement, dated June 30, 1999 (incorporated by reference to Exhibit 10.1 to our registration statement on Form S-4 (File No. 333-85141))
10.2	Purchase and Sale Agreement (PO/MTBE Business), dated March 21, 1997, among Texaco, Texaco Chemical Inc. and Huntsman Specialty Chemicals Corporation (incorporated by reference to Exhibit 10.2 to our registration statement on Form S-4 (File No. 333-85141))

10.3	Operating and Maintenance Agreement, dated as of March 21, 1997, by and between Huntsman Specialty Chemicals Corporation and Huntsman Petrochemical Corporation (incorporated by reference to Exhibit 10.3 to our registration statement on Form S-4 (File No. 333-85141))
10.4	Credit Agreement, dated as of June 30, 1999, by and among Huntsman International LLC (f/k/a Huntsman ICI Chemicals LLC), Huntsman International Holdings LLC (f/k/a Huntsman ICI Holdings LLC), Bankers Trust Company, Goldman Sachs Credit Partners LP, The Chase Manhattan Bank, and Warburg Dillon Read and various lending institutions party thereto (incorporated by reference to Exhibit 10.4 to our registration statement on Form S-4 (File No. 333-85141))
10.5	Asset Sale Agreement, dated June 30, 1999, by and between BP Chemicals Limited and Huntsman International LLC (f/k/a Huntsman ICI Chemicals LLC) (incorporated by reference to Exhibit 10.5 to our registration statement on Form S-4 (File No. 333-85141))
10.6	First Amendment, dated as of December 21, 2000, by and among Huntsman International LLC, Huntsman International Holdings LLC, the financial institutions named therein, as Lenders, Bankers Trust Company, as Lead Arranger, Administrative Agent for the Lenders and Sole Book Manager, Goldman Sachs Credit Partners L.P., as Syndication Agent and Co-Arranger and The Chase Manhattan Bank and Warburg Dillon Read (a division of UBS AG), as Co-Arrangers and as Co-Documentation Agents, to the Credit Agreement dated as of June 30, 1999 (incorporated by reference to Exhibit 10.15 to our annual report on Form 10-K for the year ended December 31, 2000)
10.7	Second Amendment, dated as of March 5, 2001, is entered into by and among Huntsman International LLC, Huntsman International Holdings LLC, the undersigned financial institutions, including Bankers Trust Company, in their capacities as lenders hereunder, Bankers Trust Company, as Lead Arranger, Administrative Agent for the Lenders and Sole Book Manager, Goldman Sachs Credit Partners L.P., as Syndication Agent and Co-Arranger and The Chase Manhattan Bank and UBS Warburg LLC (as successor to Warburg Dillon Read), as Co-Arrangers and as Co-Documentation Agents, to the Credit Agreement dated as of June 30, 1999 (incorporated by reference to Exhibit 10.16 to our annual report on Form 10-K for the year ended December 31, 2000)
10.8	Contribution Agreement, among Huntsman International LLC, as Contributor and Originator, and Huntsman Receivables Finance LLC, as the Company, dated as of December 20, 2000 (incorporated by reference to Exhibit 10.17 to our annual report on Form 10-K for the year ended December 31, 2000)
10.9	Huntsman Master Trust Pooling Agreement, dated as of December 21, 2000, among Huntsman Receivables Finance LLC, as Company, Huntsman (Europe) BVBA, as Master Servicer, and Chase Manhattan Bank (Ireland) Plc, as Trustee (incorporated by reference to Exhibit 10.18 to our annual report on Form 10-K for the year ended December 31, 2000)
10.10	Huntsman Master Trust, Series 2000-1 Supplement, dated as of December 21, 2000, to Pooling Agreement dated as of December 21, 2000, among Huntsman Receivables Finance LLC, as Company, Huntsman (Europe), BVBA, as Master Servicer, The Chase Manhattan Bank, as Funding Agent, Park Avenue Receivables Corp., as Series 2000-1 Initial Purchaser, the several financial institutions party thereto from time to time as Series 2000-1 APA Banks, and Chase Manhattan Bank (Ireland) Plc, as Trustee (incorporated by reference to Exhibit 10.19 to our annual report on Form 10-K for the year ended December 31, 2000)

10.11	Servicing Agreement, dated as of December 21, 2000, among Huntsman Receivables Finance LLC, as the Company, Huntsman (Europe) BVBA, as Master Servicer, Tioxide Americas Inc., Huntsman ICI Holland B.V., Tioxide Europe Limited, Huntsman International LLC, Huntsman Petrochemicals (U.K.) Limited, Huntsman Propylene Oxide Ltd., Huntsman International Fuels L.P., as Local Servicers, Chase Manhattan Bank (Ireland) Plc, as Trustee, Pricewaterhousecoopers, as Liquidation Servicer, and Huntsman International LLC, as Servicer Guarantor (incorporated by reference to Exhibit 10.20 to our annual report on Form 10-K for the year ended December 31, 2000)
10.12	U.S. Receivables Purchase Agreement, Huntsman International LLC, as Purchaser, and Tioxide Americas Inc., Huntsman Propylene Oxide Ltd. and Huntsman International Fuels, L.P., each as a Seller and an Originator (incorporated by reference to Exhibit 10.21 to our annual report on Form 10-K for the year ended December 31, 2000)
10.13	Dutch Receivables Purchase Agreement, dated as of December 21, 2000, between Huntsman International LLC, as Purchaser, Huntsman ICI Holland B.V., as Originator, Huntsman ICI (Europe) B.V.B.A., as Master Servicer (incorporated by reference to Exhibit 10.22 to our annual report on Form 10-K for the year ended December 31, 2000)
10.14	U.K. Receivables Purchase Agreement, dated as of December 20, 2000, between Huntsman International LLC, as Purchaser, Tioxide Europe Limited and Huntsman Petrochemicals (U.K.) Limited, as Originators, and Huntsman (Europe) B.V.B.A., as Master Servicer (incorporated by reference to Exhibit 10.23 to our annual report on Form 10-K for the year ended December 31, 2000)
10.15	Third Amendment, dated as of November 30, 2001, by and among Huntsman International LLC, Huntsman International Holdings LLC and the various agents and lending institutions party thereto (incorporated by reference to Exhibit 10.1 to our current report on Form 8-K filed December 4, 2001)
10.16	Fourth Amendment to Credit Agreement, dated as of March 15, 2002, by and among Huntsman International LLC, Huntsman International Holdings LLC and the various agents and lending institutions party thereto (incorporated by reference to Exhibit 10.25 to amendment no. 1 to our annual report on Form 10-K/A for the year ended December 31, 2001)
10.17	Amendment Agreement, dated December 20, 2001, between Imperial Chemical Industries PLC, Huntsman Specialty Chemicals Corporation, Huntsman International Holdings LLC and Huntsman International LLC, to amend the Contribution Agreement dated as of April 15, 1999 (incorporated by reference to Exhibit 10.26 to our registration statement on Form S-4 (File No. 333-106482))
10.18	Second Amendment, dated as of October 21, 2002, between Huntsman Receivables Finance LLC, Huntsman (Europe), BVBA, and J.P. Morgan (Ireland) PLC, to Series 2000-1 Supplement, dated as of December 21, 2000 (incorporated by reference to Exhibit 10.27 to our annual report on Form 10-K for the year ended December 31, 2002)
10.19	First Amendment to Series 2001-1 Supplement, dated as of October 21, 2002, among Huntsman Receivables Finance LLC, Huntsman (Europe) BVBA and J.P. Morgan Bank (Ireland) PLC (incorporated by reference to Exhibit 10.28 to our annual report on Form 10-K for the year ended December 31, 2002)
10.20	First Amendment to Amended and Restated Pooling Agreement, dated as of October 21, 2002, among Huntsman Receivables Finance LLC, Huntsman (Europe) BVBA and J.P. Morgan Bank (Ireland) PLC (incorporated by reference to Exhibit 10.29 to our annual report on Form 10-K for the year ended December 31, 2002)

10.21	Amended and Restated Servicing Agreement, dated as of October 21, 2002, among Huntsman Receivables Finance LLC, as the Company, Huntsman (Europe) BVBA, as Master Servicer, Tioxide Americas Inc., Huntsman Holland B.V., Tioxide Europe Limited, Huntsman International LLC, Huntsman Petrochemicals (UK) Limited, Huntsman Propylene Oxide Ltd., Huntsman International Fuels L.P., Tioxide Europe SRL, Huntsman Surface Sciences Italia SRL, Huntsman Patrica S.R.L., Tioxide Europe S.L., Huntsman Surface Sciences Ibérica, S.L., Tioxide Europe SAS, Huntsman Surface Sciences (France) S.A.S., Huntsman Surface Sciences UK Ltd, Huntsman Ethyleneamines Ltd., as Local Servicers, J.P. Morgan Bank (Ireland) PLC, as Trustee, Pricewaterhousecoopers, as Liquidation Servicer, and Huntsman International LLC, as Servicer Guarantor (incorporated by reference to Exhibit 10.30 to our annual report on Form 10-K for the year ended December 31, 2002)
10.22	Amended and Restated U.S. Receivables Purchase Agreement, dated as of October 21, 2002, among Huntsman International LLC, as Purchaser, and Tioxide Americas Inc., Huntsman Propylene Oxide Ltd., Huntsman International Fuels L.P., and Huntsman Ethyleneamines Ltd., each as a Seller and an Originator (incorporated by reference to Exhibit 10.31 to our annual report on Form 10-K for the year ended December 31, 2002)
10.23	Amended and Restated UK Receivables Purchase Agreement, dated as of October 21, 2002, among Huntsman International LLC, as Purchaser, Huntsman Surface Sciences UK Limited, Tioxide Europe Limited, and Huntsman Petrochemicals (UK) Limited, as Originators, Huntsman (Europe) B.V.B.A, as Master Servicer (incorporated by reference to Exhibit 10.32 to our annual report on Form 10-K for the year ended December 31, 2002)
10.24	Fifth Amendment to Credit Agreement, dated as of February 7, 2003, among Huntsman International LLC, Huntsman International Holdings LLC and the various agents and lending institutions party thereto (incorporated by reference to Exhibit 10.33 to our annual report on Form 10-K for the year ended December 31, 2002)
10.25	Deed of Amendment to Contribution Agreement, dated as of November 27, 2002, among Imperial Chemical Industries PLC, Huntsman Specialty Chemicals Corporation, Huntsman International Holdings, LLC, and Huntsman International LLC (incorporated by reference to Exhibit 10.34 to our annual report on Form 10-K for the year ended December 31, 2002)
10.26	Sixth Amendment to Credit Agreement, dated as of April 9, 2003, among Huntsman International LLC, Huntsman International Holdings LLC and the various agents and lending institutions party thereto (incorporated by reference to Exhibit 10.1 to our quarterly report on Form 10-Q for the quarter ended March 31, 2003)
10.27	Business Consulting Agreement, dated as of June 3, 2003, between Huntsman International LLC and Jon M. Huntsman (incorporated by reference to Exhibit 10.41 to our registration statement on Form S-4 (File No. 333-106482))
10.28	Seventh Amendment to Credit Agreement, dated as of October 17, 2003, among Huntsman International LLC, Huntsman International Holdings LLC and the various agents and lending institutions party thereto (incorporated by reference to Exhibit 10.42 to our registration statement on Form S-4 (File No. 333-106482))
14.1*	Financial Code of Ethics
21.1*	Subsidiaries of Huntsman International LLC
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**	Certifications of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certifications of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed previously.

** Filed herewith.

SIGNATURES

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

Huntsman International LLC

Dated: November 23, 2004

By: /s/ L. RUSSELL HEALY

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

SUPPLEMENTAL INFORMATION TO BE FURNISHED WITH REPORTS FILED PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 BY REGISTRANTS WHICH HAVE NOT REGISTERED SECURITIES PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The registrant has not sent to its security holders any annual report to security holders covering the registrants last fiscal year or any proxy statement, form of proxy or other proxy soliciting material sent to more than 10 of the registrant's security holders with respect to any annual or other meeting of security holders.

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
ITEMS 8 AND 15(a)
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Company management is responsible for the preparation, accuracy and integrity of the consolidated financial statements and other financial information included in this Annual Report. This responsibility includes preparing the statements in accordance with accounting principles generally accepted in the United States of America and necessarily includes estimates based upon management's best judgment.

To help ensure the accuracy and integrity of Company financial data, management maintains internal controls which are designed to provide reasonable assurance that transactions are executed as authorized, that they are accurately recorded and that assets are properly safeguarded. It is essential for all Company employees to conduct their business affairs in keeping with the highest ethical standards as outlined in our code of conduct policy, "Business Conduct Guidelines." Careful selection of employees, and appropriate divisions of responsibility also help us to achieve our control objectives.

The consolidated balance sheets of Huntsman International LLC and subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of operations and comprehensive income (loss), member's equity, and cash flows for the years ended December 31, 2003, 2002 and 2001 have been audited by the Company's independent accountants Deloitte & Touche LLP. Their report is shown on page F-3.

The Board of Managers oversees the adequacy of the Company's control environment. Representatives of the Audit Committee meet periodically with representatives of Deloitte & Touche LLP, internal financial management and the internal auditor to review accounting, control, auditing and financial reporting matters. The independent accountants and the internal auditor also have full and free access to meet privately with the Audit Committee.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Managers and Member of
Huntsman International LLC

We have audited the accompanying consolidated balance sheets of Huntsman International LLC and subsidiaries (the "Company") as of December 31, 2003 and 2002, and the related consolidated statements of operations and comprehensive income (loss), member's equity, and cash flows for the each of the three years in the period ended December 31, 2003. Our audits also included the financial statement schedule listed in the index. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with 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 at December 31, 2003 and 2002 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 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 2 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards, No. 142 effective January 1, 2002 and changed its method of accounting for derivative financial instruments effective January 1, 2001, to conform to Statement of Financial Accounting Standards No. 133, as amended.

As discussed in Note 23, the accompanying consolidated statements of cash flows have been restated.

DELOITTE & TOUCHE LLP

Salt Lake City, Utah
November 23, 2004

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Dollars in Millions)

	December 31, 2003	December 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 97.8	$ 75.4
Accounts receivable (net of allowance for doubtful accounts of $13.4 and $14.5, respectively)	564.4	473.9
Inventories	596.9	561.3
Prepaid expenses	23.6	22.0
Deferred income taxes	3.0	31.2
Other current assets	83.6	69.4
Total current assets	1,369.3	1,233.2
Property, plant and equipment, net	3,256.2	3,071.1
Investment in unconsolidated affiliates	138.7	133.9
Intangible assets, net	283.4	302.8
Other noncurrent assets	445.1	426.3
Total assets	$ 5,492.7	$ 5,167.3
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities:		
Accounts payable (including overdraft facilities of $7.5 as of December 31, 2003)	$ 561.3	$ 568.7
Accrued liabilities	387.7	298.6
Current portion of long-term debt	1.8	43.9
Total current liabilities	950.8	911.2
Long-term debt	2,925.3	2,729.9
Deferred income taxes	234.8	215.1
Other noncurrent liabilities	224.5	245.8
Total liabilities	4,335.4	4,102.0
Minority interests	3.6	0.1
Commitments and contingencies (Notes 17 and 18)		
Member's equity:		
Member's equity, 1,000 units	1,026.1	1,026.1
Retained earnings	55.6	186.5
Accumulated other comprehensive income (loss)	72.0	(147.4)
Total member's equity	1,153.7	1,065.2
Total liabilities and member's equity	$ 5,492.7	$ 5,167.3

See accompanying notes to consolidated financial statements.

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND

COMPREHENSIVE INCOME (LOSS)

(Dollars in Millions)

	Year Ended December 31, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001
Revenues:			
Trade sales	$ 5,035.2	$ 4,159.9	$ 4,178.2
Related party sales	203.8	333.7	376.0
Tolling fees	6.5	24.5	21.0
Total revenues	5,245.5	4,518.1	4,575.2
Cost of goods sold	4,661.1	3,902.7	3,990.1
Gross profit	584.4	615.4	585.1
Expenses:			
Selling, general and administrative	302.4	325.0	304.8
Research and development	49.4	54.6	62.5
Restructuring and plant closing costs	56.7	7.7	46.6
Total expenses	408.5	387.3	413.9
Operating income	175.9	228.1	171.2
Interest expense	(255.2)	(247.0)	(243.0)
Interest income	3.7	1.6	3.4
Loss on accounts receivable securitization program	(32.4)	(5.5)	(12.8)
Other income (expense)	(1.3)	1.3	(2.0)
Loss before income taxes, minority interest and cumulative effect of accounting change	(109.3)	(21.5)	(83.2)
Income tax benefit (expense)	(21.6)	41.5	26.0
Minority interests	—	0.1	(2.2)
Income (loss) before accounting change	(130.9)	20.1	(59.4)
Cumulative effect of accounting change	—	—	(1.5)
Net income (loss)	(130.9)	20.1	(60.9)
Other comprehensive income (loss)	219.4	53.4	(80.1)
Comprehensive income (loss)	$ 88.5	$ 73.5	$ (141.0)

See accompanying notes to consolidated financial statements.

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY

(Dollars in Millions)

	Member's Equity			Accumulated	
	Units	Amount	Retained Earnings	Other Comprehensive Income (Loss)	Total
Balance, January 1, 2001	1,000	$ 1,026.1	$ 223.3	$ (120.7)	$ 1,128.7
Refund of distribution from HIH		—	4.0	—	4.0
Net loss		—	(60.9)	—	(60.9)
Other comprehensive loss		—	—	(80.1)	(80.1)
Balance, December 31, 2001	1,000	1,026.1	166.4	(200.8)	991.7
Net income		—	20.1	—	20.1
Other comprehensive income		—	—	53.4	53.4
Balance, December 31, 2002	1,000	1,026.1	186.5	(147.4)	1,065.2
Net loss		—	(130.9)	—	(130.9)
Other comprehensive income		—	—	219.4	219.4
Balance, December 31, 2003	1,000	$ 1,026.1	$ 55.6	$ 72.0	$ 1,153.7

See accompanying notes to consolidated financial statements.

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Millions)

	Year Ended December 31, 2003 (As restated, see Note 23)	Year Ended December 31, 2002 (As restated, see Note 23)	Year Ended December 31, 2001 (As restated, see Note 23)
Cash Flows From Operating Activities:			
Net income (loss)	$ (130.9)	$ 20.1	$ (60.9)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	277.9	256.2	229.0
Provision for losses on accounts receivable	10.2	4.1	2.8
Noncash restructuring and plant closing charges	11.4	6.1	7.8
Noncash interest expense	16.2	12.9	11.3
Deferred income taxes	—	(59.8)	(43.1)
Gain on foreign currency transactions	(64.3)	(29.5)	7.6
Loss on disposal of fixed assets	—	—	6.6
Minority interests in subsidiaries	—	(0.1)	2.2
Equity in earnings of investment in unconsolidated affiliates	—	(0.2)	(0.1)
Changes in operating assets and liabilities:			
Accounts receivable	(6.6)	1.6	84.9
Change in receivables sold, net	18.6	99.7	5.1
Inventories	26.6	(12.6)	17.3
Prepaid expenses	1.1	(9.1)	4.5
Other current assets	(29.2)	(15.0)	1.7
Other noncurrent assets	—	(9.4)	10.3
Accounts payable	(58.5)	(0.5)	(106.7)
Accrued liabilities	32.6	(70.2)	21.3
Other noncurrent liabilities	(6.6)	(16.2)	(10.5)
Net cash provided by operating activities	98.5	178.1	191.1
Investing Activities:			
Capital expenditures	(127.4)	(190.5)	(291.0)
Acquisitions of businesses and minority interest	—	(9.0)	(209.5)
Investment in unconsolidated affiliate	(6.1)	—	—
Net cash received from unconsolidated affiliates	0.8	8.0	11.3
Advances to unconsolidated affiliates	(3.0)	(3.3)	(2.5)
Proceeds from sale of fixed assets	—	5.9	—
Net cash used in investing activities	(135.7)	(188.9)	(491.7)
Financing Activities:			
Net borrowings (repayments) under revolving loan facilities	(45.0)	(43.6)	79.5
Issuance of senior notes	157.9	300.0	233.2
Proceeds from other long-term debt	205.0	—	4.4
Repayment of long-term debt	(264.0)	(245.0)	(2.4)
Net borrowings under overdraft facility	7.5	—	—
Shares of subsidiary issued to minorities for cash	2.7	—	—
Debt issuance costs	(9.7)	(10.3)	(6.5)
Refund of distribution from HIH	—	—	4.0
Net cash provided by financing activities	54.4	1.1	312.2
Effect of exchange rate changes on cash	5.2	1.2	6.2
Increase (decrease) in cash and cash equivalents	22.4	(8.5)	17.8
Cash and cash equivalents at beginning of period	75.4	83.9	66.1
Cash and cash equivalents at end of period	$ 97.8	$ 75.4	$ 83.9
Supplemental cash flow information:			
Cash paid for interest	$ 222.5	$ 235.0	$ 222.2
Cash paid for income taxes	$ 13.8	$ 12.3	$ 15.0
Supplemental non-cash financing activities:			

The Company partially finances its property and liability insurance premiums. During the years ended December 31, 2003 and 2002, the Company issued notes payable for approximately $5.2 million and $2.6 million, respectively, and recorded prepaid insurance for the same amount, which will be amortized over the period covered.

See accompanying notes to consolidated financial statements.

1. Basis of Presentation

Huntsman International LLC (the "Company") is a global manufacturer and marketer of differentiated and commodity chemicals through its four principal businesses: Polyurethanes, Performance Products, Pigments and Base Chemicals. The Company is a wholly-owned subsidiary of Huntsman International Holdings LLC ("HIH"). All of the membership interests of HIH are owned directly and indirectly by HMP Equity Holdings Corporation ("HMP"). HMP is 100% owned by Huntsman Group Inc. ("HGI"), subject to warrants which, if exercised, would entitle the holders thereof to up to 12% of the common equity of HMP. HGI is 100% owned by Huntsman Holdings, LLC ("Huntsman Holdings"). The voting membership interests of Huntsman Holdings are owned by the Huntsman family, MatlinPatterson Global Opportunities Partners, L.P. ("GOP"), Consolidated Press (Finance) Limited ("CPH") and certain members of senior management. In addition, Huntsman Holdings has issued certain non-voting preferred units to Huntsman Holdings Preferred Member LLC, which, in turn, is owned by GOP (indirectly), CPH, the Huntsman Cancer Foundation, certain members of senior management and certain members of the Huntsman family. Huntsman Holdings has also issued certain non-voting preferred units to the Huntsman family, GOP, and CPH that track the performance of the Huntsman Advanced Materials LLC ("AdMat") business. The Huntsman family has board and operational control of the Company.

In February 2001, we completed our acquisition of the global ethyleneamines business of Dow Chemical Company, and in April 2001, we completed our acquisition of the Albright & Wilson European surfactants business from Rhodia S.A.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements of the Company include its majority owned subsidiaries. Intercompany transactions and balances are eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Cash and Cash Equivalents

Highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents.

Securitization of Accounts Receivable

The Company securitizes certain trade receivables in connection with a revolving accounts receivable securitization program in which the Company grants a participating undivided interest in certain of its trade receivables to a qualified off-balance sheet entity. The Company retains 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 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. For more information, see "Note 11 Securitization of Accounts Receivable" below.

Inventories

Inventories are stated at the lower of cost or market using the weighted average method.

Property, Plant and Equipment

Property, plant and equipment is stated at cost. Depreciation is provided utilizing the straight line method over the estimated useful lives:

Buildings	20-30 years
Plant and equipment	3-20 years

Upon disposal of assets, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is included in income.

Periodic maintenance and repairs applicable to major units of manufacturing facilities are accounted for on the prepaid basis by capitalizing the costs of the turnaround and amortizing the costs over the estimated period until the next turnaround. The Company does not accrue for any items of repair or maintenance in advance of incurring the cost. Normal maintenance and repairs of all other 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.

Interest costs are capitalized as part of major construction projects. Interest expense capitalized as part of plant and equipment was $4.4 million, $10.5 million, and $9.3 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Investment in Unconsolidated Affiliates

Investments in companies in which the Company exercises significant influence, generally ownership interests from 20% to 50%, are accounted for using the equity method.

Intangible Assets

Intangible assets, which consist of patents, trademarks, technology and certain other agreements, are stated at their fair market values at the time of acquisition, and are amortized using the straight-line method over their estimated useful lives of five to fifteen years or over the life of the related agreement.

Carrying Value of Long-term Assets

The Company evaluates the carrying value of long-term assets based upon current and anticipated undiscounted cash flows and recognizes an impairment when such estimated cash flows will be 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.

Financial Instruments

The carrying amount reported in the balance sheet for cash and cash equivalents, accounts receivable and accounts payable approximates fair value because of the immediate or short-term maturity of these financial instruments. The carrying value of the Company's senior credit facilities approximates fair value since they bear interest at a floating rate plus an applicable margin. At December 31, 2003, the fair value of the Company's senior unsecured notes was $490.5 million. At December 31, 2002 the fair value of the Company's senior unsecured notes approximated book value. The fair value of the Company's senior subordinated notes was $1,204.9 million and $893.7 million at December 31, 2003 and 2002, respectively.

Derivatives and Hedging Activities

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "*Accounting for Derivative Instruments and Hedging Activities*." SFAS No. 133 (as amended) requires that an entity recognize all derivative instruments as assets or liabilities in the balance sheet and measure those instruments at fair value. The accounting for the change in the fair value depends on the use of the instrument. The adoption of SFAS No. 133 resulted in a cumulative increase in net loss of $1.5 million and a cumulative increase to accumulated other comprehensive loss of $1.1 million for the year ended December 31, 2001. For more information, see "Note 13—Derivative Instruments and Hedging Activities."

Income Taxes

The Company and its U.S. subsidiaries are organized as limited liability companies. These entities are treated similar to a partnership for U.S. income tax purposes, and therefore are not subject to U.S. federal tax on their income. Subsidiaries outside the U.S. are generally taxed on the income generated in the local country.

Deferred income taxes are provided for temporary differences between financial statement income and taxable income using the asset and liability method in accordance with SFAS No. 109, "*Accounting for Income Taxes*." The Company evaluates the resulting deferred tax assets to determine whether it is more likely than not that they will be realized. Valuation allowances have been established against certain of the international deferred tax assets due to uncertainty of realization. The Company does not provide for income taxes or benefits on the undistributed earnings of its international subsidiaries as earnings are reinvested and, in the opinion of management, will continue to be reinvested indefinitely.

Environmental Expenditures

Environmental related restoration and remediation costs are recorded as liabilities and expensed when site restoration and environmental remediation and cleanup obligations are either known or considered probable and the related costs can be reasonably estimated. Other environmental expenditures, which are principally maintenance or preventative in nature, are recorded when incurred and are expensed or capitalized as appropriate.

Foreign Currency Translation

Generally, the accounts of the Company's subsidiaries outside of the United States consider local currency to be functional currency. Accordingly, assets and liabilities are translated at rates prevailing at the balance sheet date. Revenues, expenses, gains and losses are translated at a weighted average rate for the period. Cumulative translation adjustments are recorded to equity as a component of accumulated other comprehensive income. Transaction gains and losses are recorded in selling, general and administrative expenses in the consolidated statement of operations and were net gains of $91.9 million, $48.3 million and $4.8 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Revenue Recognition

The Company generates revenues through sales in the open market and long-term supply contracts. The Company recognizes revenue when it is realized or realizable and earned. Revenue for product sales is recognized as risk and title to the product transfers to the customer, collectibility is reasonably assured and pricing is fixed or determinable. Generally, this occurs at the time of shipment.

Cost of Goods Sold

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

Research and Development

Research and development costs are expensed as incurred.

Earnings per Member Equity Unit

Earnings per member equity unit is not presented because it is not considered meaningful information due to the Company's ownership by a single equity holder.

Reclassifications

Certain amounts in the consolidated financial statements for prior periods have been reclassified to conform with the current presentation.

Recently Adopted Financial Accounting Standards

On January 1, 2002, the Company adopted SFAS No. 142, "*Goodwill and Other Intangible Assets.*" SFAS No. 142 changes the accounting for goodwill and intangible assets with indefinite lives from an amortization method to an impairment-only approach. Upon adoption of SFAS No. 142, the Company was required to reassess the useful lives of all acquired intangibles and perform an impairment test on goodwill. In the first quarter of 2002, the Company completed the assessment of useful lives and concluded that no adjustment to the amortization period of intangible assets was necessary.

The Company has completed its initial assessment of goodwill impairment as of January 1, 2002 and has concluded that there is no indication of impairment. As of December 31, 2003 and 2002, the Company had no goodwill recorded on its consolidated balance sheet.

The initial adoption of SFAS No. 142 had no impact on the Company's financial statements for the year ended December 31, 2002. The pro forma net loss, assuming the change in accounting principle was applied retroactively to January 1, 2001, would not have been materially different for the year ended December 31, 2001.

On January 1, 2002, the Company adopted SFAS No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets* ." This statement establishes a single accounting model for the impairment or disposal of long-lived assets. The impact of adopting this pronouncement was not material.

In August 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 143, "*Accounting for Asset Retirement Obligations*." SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible, long-lived assets and the associated asset retirement costs. This statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred by capitalizing it as part of the carrying amount of the long-lived assets. As required by SFAS No. 143, the Company adopted this new accounting standard on January 1, 2003. The adoption of this statement had no impact since the timing of any ultimate obligation is indefinite.

In April 2002, the FASB issued SFAS No. 145, "*Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Other Technical Corrections*." In addition to amending or rescinding pronouncements to make various technical corrections, clarify meanings or describe applicability, SFAS No. 145 precludes companies from recording gains or losses from extinguishment of debt as an extraordinary item. The Company was required to adopt this statement as of January 1, 2003. The adoption of SFAS No. 145 did not have a material effect on the Company's consolidated financial statements.

In June 2002, the FASB issued SFAS No. 146, "*Accounting for Costs Associated With Exit or Disposal Activities* ." SFAS No. 146 requires recording costs associated with exit or disposal activities at their fair values when a liability has been incurred. Under previous guidance, certain exit costs were accrued upon management's commitment to an exit plan, which is generally before an actual liability has been incurred. The Company adopted this pronouncement in the first quarter of 2003. The adoption of SFAS No. 146 did not have a material effect on the Company's consolidated financial statements.

In January 2003, the FASB issued Financial Interpretation No. ("FIN") 45, "*Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Guarantees of Indebtedness of Others*." FIN No. 45 requires recognition of a liability for the obligation undertaken upon issuing a guarantee. This liability would be recorded at the inception date of the guarantee and would be measured at fair value. The disclosure provisions of the interpretation are effective for the financial statements as of December 31, 2002. The liability recognition provisions apply prospectively to any guarantees issued or modified after December 31, 2002. The adoption of FIN No. 45 did not have a material effect on the Company's consolidated financial statements.

In May 2003, the FASB issued SFAS No. 149, "*Amendment of Statement 133 on Derivative Instruments and Hedging Activities."* SFAS No. 149 amends and clarifies accounting for derivative instruments and hedging activities under SFAS No. 133. This statement is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003, with this guidance applied prospectively. The adoption of this statement did not have a material impact on the Company's consolidated financial statements.

In May 2003, the FASB issued SFAS No. 150, *"Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*." SFAS No. 150 establishes standards for classifying and measuring as liabilities certain financial instruments that embody obligations of the issuer and have characteristics of both liabilities and equity. The adoption of this statement did not have a material impact on the Company's consolidated financial statements.

Recently Issued Financial Accounting Standards

In January 2003, the FASB issued FIN No. 46, *"Consolidation of Variable Interest Entities."* FIN No. 46 addresses the requirements for business enterprises to consolidate related entities, for which they do not have controlling interests through voting or other rights, if they are determined to be the primary beneficiary as a result of variable economic interests. Transfers to a qualifying special purpose entity are not subject to this interpretation. In December 2003, the FASB issued a complete replacement of FIN No. 46 (FIN No. 46R), which clarified certain complexities and generally requires adoption no later than March 31, 2004 for all entities other than special purpose entities under previous guidance. The adoption of FIN No. 46R will not have a material impact on the Company's consolidated earnings, financial position, or cash flows.

3. Inventories

Inventories consist of the following (dollars in millions):

	December 31, 2003	December 31, 2002
Raw materials and supplies	$ 180.2	$ 149.6
Work in progress	18.0	25.9
Finished goods	398.7	385.8
Total	$ 596.9	$ 561.3

In the normal course of operations, the Company exchanges raw materials with other companies. No gains or losses are recognized on these exchanges, and the net open exchange positions are valued at the Company's cost. The amount deducted from inventory under open exchange agreements owed by the Company at December 31, 2003 was $6.6 million and 18.7 million pounds of feedstock and products, respectively, which represented the amount payable by the Company under open exchange agreements. The Company did not owe any inventory under open exchange agreements at December 31, 2002.

4. Property, Plant and Equipment

The cost and accumulated depreciation of property, plant and equipment are as follows (dollars in millions):

	December 31, 2003	December 31, 2002
Land	$ 49.4	$ 41.2
Buildings	201.0	176.5
Plant and equipment	3,938.9	3,428.6
Construction in progress	156.1	173.3
Total	4,345.4	3,819.6
Less accumulated depreciation	(1,089.2)	(748.5)
Net	$ 3,256.2	$ 3,071.1

Property, plant and equipment includes gross assets acquired under capital leases of $19.0 million and $20.9 million at December 31, 2003 and 2002, respectively; related amounts included in accumulated depreciation were $5.3 million and $4.3 million at December 31, 2003 and 2002, respectively.

5. Investments in Unconsolidated Affiliates

The Company's ownership percentage and investments in unconsolidated affiliates, primarily manufacturing joint ventures, are as follows (dollars in millions):

	December 31, 2003	December 31, 2002
Louisiana Pigment Company, L.P. (50%)	$ 130.4	$ 131.4
BASF Huntsman Shanghai Isocyanate Investment BV (50%)	6.1	—
Rubicon, LLC (50%)	1.0	1.3
Others	1.2	1.2
Total	$ 138.7	$ 133.9

As noted, the Company owns 50% of BASF Huntsman Shanghai Isocyanate Investment BV. BASF Huntsman Shanghai Isocyanate Investment BV owns a 70% interest in a manufacturing joint venture, thus giving the Company an indirect 35% interest in the manufacturing joint venture.

Summarized approximate financial information of such affiliated companies as a group as of December 31, 2003 and 2002 and for the years then ended is presented below (dollars in millions):

	December 31, 2003	December 31, 2002
Assets	$ 466.1	$ 488.3
Liabilities	189.9	222.5
Revenues	768.0	651.3
Net income	0.2	0.4
The Company's equity in:		
Net assets	138.7	133.9
Net income	0.1	0.2

6. Intangible Assets

The gross carrying amount and accumulated amortization of intangible assets as of December 31, 2003 and 2002 are as follows (dollars in millions):

	December 31, 2003			December 31, 2002		
	Carrying Amount	Accumulated Amortization	Net	Carrying Amount	Accumulated Amortization	Net
Patents, trademarks, and technology	$ 389.2	$ 116.9	$ 272.3	$ 377.6	$ 93.0	$ 284.6
Non-compete agreements	49.6	38.5	11.1	49.1	30.9	18.2
Total	$ 438.8	$ 155.4	$ 283.4	$ 426.7	$ 123.9	$ 302.8

Amortization expense for intangibles for the years ended December 31, 2003, 2002 and 2001 was $32.4, $33.9 million and $33.0 million, respectively. Estimated future amortization expense for intangible assets through December 31, 2008 is as follows (dollars in millions):

	Annual Expense
2004 through 2005	$ 32.0
2006 through 2008	$ 24.0

7. Other Noncurrent Assets

Other noncurrent assets consist of the following (dollars in millions):

	December 31, 2003	December 31, 2002
Prepaid pension assets	$ 235.1	$ 233.7
Debt issuance costs	54.4	60.7
Capitalized turnaround expense	52.6	47.6
Receivables from affiliates	13.5	18.6
Spare parts inventory	55.6	46.2
Other noncurrent assets	34.5	19.5
Total	$ 445.1	$ 426.3

8. Accrued Liabilities

Accrued liabilities consist of the following (dollars in millions):

	December 31, 2003	December 31, 2002
Payroll, severance and related costs	$ 77.1	$ 67.4
Interest	78.5	61.3
Volume and rebates accruals	64.8	52.5
Income tax payable	35.5	17.4
Taxes (property and VAT)	32.0	24.0
Restructuring and plant closing costs	22.5	7.1
Interest and commodity hedging accruals	10.8	22.1
Environmental accruals	5.7	4.3
Other miscellaneous accruals	60.8	42.5
Total	$ 387.7	$ 298.6

9. Other Noncurrent Liabilities

Other noncurrent liabilities consist of the following (dollars in millions):

	December 31, 2003	December 31, 2002
Pension liabilities	$ 149.0	$ 164.5
Other postretirement benefits	11.8	10.8
Environmental accruals	11.6	19.3
Payable to affiliate	29.1	37.9
Other noncurrent liabilities	23.0	13.4
Total	$ 224.5	$ 245.9

10. Restructuring and Plant Closing Costs

The Company has incurred restructuring and plant closing costs totaling $56.7 million, $7.7 million and $46.6 million for the years ended December 31, 2003, 2002 and 2001, respectively.

2003 Restructuring

In March 2003, our Polyurethanes segment announced that it would integrate its global flexible products unit into its urethane specialties unit, and we recorded a restructuring charge of $19.2 million for workforce reductions of approximately 118 employees. In June 2003, the Polyurethanes segment announced further restructuring at its Rozenburg, Netherlands site, related primarily to workforce reductions of approximately 54 employees. The total estimated costs for the Rozenburg restructuring is estimated to be $12.0 million and will be recorded as expense during 2003 to 2005. During 2003, $7.1 million was recorded as expense for this restructuring. In December 2003, our Polyurethanes segment announced additional restructuring at Polyurethanes sites across the world, related primarily to workforce reductions of approximately 53 employees. The total estimated cost for this restructuring is estimated to be $6.7 million and the remaining amount will be recorded as expense during 2004. During 2003, $1.8 million was recorded as expense for this restructuring. At December 31, 2003, $13.4 million remains in the reserve for restructuring and plant closing costs related to these restructuring activities.

In June 2003, the Company announced that its Performance Products segment would close a number of plants at its Whitehaven, UK facility and reduce its workforce by approximately 85 employees. In 2003, a charge of $20.1 million was recorded representing $11.4 million relating to an impairment of assets at Whitehaven (in connection with the plant shutdowns) and $8.7 million of workforce reduction costs. The Company also recorded a $2.0 million charge in respect of severance costs arising from the closure of an administrative office in London, UK, the rationalization of its surfactants technical center in Oldbury, UK and the restructuring of its Spanish facility in Barcelona, Spain. At December 31, 2003, $2.4 million remains in the reserve for restructuring and plant closing costs related to these restructuring activities. In March 2004, the Company announced an additional restructuring at its Whitehaven, UK facility related to the relocation and consolidation of various plants, equipment and workshop facilities, and the development of a centralized control room to help improve the integrity and productivity of the main site assets. Total restructuring costs associated with this project are expected to be $11.1 million and include an asset write down of approximately $5.0 million and a reduction in workforce of approximately 45 employees. The remaining restructuring costs will be recorded as expense during 2004 to 2007.

In August 2003, the Company announced restructuring activities related to its global workforce reductions of approximately 250 employees in its Pigments segment. The overall cost reduction program for this segment is estimated to be approximately $23.0 million and will be implemented and recorded from 2003 to 2005. During 2003, the Company recorded a restructuring charge of $6.5 million related to workforce reductions of approximately 63 employees across all of its Pigments operations worldwide. At December 31, 2003, $4.3 million remains in the reserve for restructuring and plant closing costs related to these restructuring activities.

2002 Restructuring

In 2002, the Pigments segment recorded $3.1 million in asset write-downs related to the closure of the Company's titanium dioxide manufacturing facility in Greatham, UK.

During 2002, the Performance Products segment recorded $4.6 million in charges which relate to restructuring and the write-down of fixed assets. The costs relate to the closure of the Alcover, Spain surfactants plant for $1.4 million, write-down of $1.6 million related to the assets of the Castiglione, Italy surfactants plant and various sales offices closed and $1.6 million for other exit costs.

At December 31, 2003, $2.4 million remains in the reserve for restructuring and plant closing costs related to the 2002 restructuring.

2001 Restructuring

During 2001, the Polyurethanes segment announced a cost reduction program which included the closure of the Shepton Mallet, U.K. polyols manufacturing facility by the end of 2002, resulting in a charge of $44.7 million. The program included reductions in workforce of approximately 270 employees at the Shepton Mallet facility and other locations. Approximately $7.8 million was recorded to write-down the fixed assets, $36.1 for employee termination benefits and $0.8 million for other exit costs.

The Pigments segment recorded $1.9 million in restructuring charges related to a workforce reduction of approximately 50 employees.

As of December 31, 2003, all costs related to the 2001 restructuring programs were paid.

As of December 31, 2003, accrued restructuring and plant closing costs consist of the following (dollars in millions):

	2001 Charge	2002 Charge	2003 Charge	Non-cash Charge	Cash Payments	December 31, 2003
Property, plant and equipment	$ 7.8	$ 6.1	$ 11.4	$ (25.3)	$ —	$ —
Workforce reductions	38.0	—	45.3	—	(60.8)	22.5
Other exit costs	0.8	1.6	—	—	(2.4)	—
Total	$ 46.6	$ 7.7	$ 56.7	$ (25.3)	$ (63.2)	$ 22.5

11. Securitization of Accounts Receivable

On December 21, 2000, the Company initiated an accounts receivable securitization program under which it grants an undivided interest in certain of its trade receivables to a qualified off-balance sheet entity (the "Receivables Trust") at a discount. This undivided interest serves as security for the issuance of commercial paper and medium term notes by the Receivables Trust. At December 31, 2003, the Receivables Trust had outstanding approximately $198 million in U.S. dollar equivalents in medium term notes and approximately $100 million in commercial paper. Under the terms of the agreements, the Company and its subsidiaries continue to service the receivables in exchange for a 1% fee of the outstanding receivables, and the Company is subject to recourse provisions.

The Company's retained interest in receivables (including servicing assets) subject to the program was approximately $154 million and $112 million as of December 31, 2003 and 2002, respectively. The value of the retained interest is subject to credit and interest rate risk. For the years ended December 31, 2003 and 2002, new sales totaled approximately $4,132 million and $3,220 million, respectively, and cash collections reinvested totaled approximately $4,136 million and $3,105 million, respectively. Servicing fees received during 2003 and 2002 were approximately $4.9 million and $3.0 million, respectively.

The Company incurs losses on the accounts receivable securitization program for the discount on receivables sold into the program and fees and expenses associated with the program. The Company also retains responsibility for the economic gains and losses on forward contracts mandated by the terms of the program to hedge the currency exposures on the collateral supporting the off-balance sheet debt issued. Gains and losses on forward contracts are included as a component of the loss on accounts receivable securitization program are a loss of $24.6 million, a loss of $4.4 million and a gain of $6.1 million for the years ended December 31, 2003, 2002 and 2001, respectively. As of December 31, 2003 and 2002, the fair value of the open forward currency contracts is $6.8 million and $6.1 million which is included as a component of the residual interest.

The key economic assumptions used in valuing the residual interest at December 31, 2003 are presented below:

Weighted average life (in months)	3
Credit losses (annual rate)	Less than 1%
Discount rate (annual rate)	2%

A 10% and 20% adverse change in any of the key economic assumptions would not have a material impact on the fair value of the retained interest. Total receivables over 60 days past due as of December 31, 2003 and 2002 were $15.6 million and $11.2 million, respectively.

12. Long-term Debt

Long-term debt outstanding as of December 31, 2003 and 2002 is as follows (dollars in millions):

	December 31, 2003	December 31, 2002
Senior Secured Credit Facilities:		
Revolving loan facility	$ 22.0	$ 67.0
Term A dollar loan	—	109.7
Term A euro loan (in U.S. dollar equivalent)	—	138.5
Term B loan	620.1	526.3
Term C loan	620.1	526.3
Senior Unsecured Notes	457.1	300.0
Senior Subordinated Notes	1,169.8	1,076.8
Other long-term debt	38.0	29.2
Subtotal	2,927.1	2,773.8
Less current portion	(1.8)	(43.9)
Total	$ 2,925.3	$ 2,729.9

HI Credit Facilities

As of December 31, 2003, the Company had senior secured credit facilities (the "HI Credit Facilities") which consisted of a revolving loan facility of up to $400 million that matures on June 30, 2005 (the "HI Revolving Facility"), a term B loan facility that matures on June 30, 2007, and a term C loan facility that matures on June 30, 2008. On October 22, 2003, the Company issued $205 million of additional term B and term C loans, the net proceeds of which were applied to pay down the HI Revolving Facility by approximately $53 million, and the remainder of the net proceeds, net of fees, were applied to repay, in full, the term A loan which had an initial maturity of June 2005. Principal payments on the term B and term C loans begin in 2005.

Interest rates for the HI Credit Facilities are based upon, at the Company's option, either a eurocurrency rate (LIBOR) or a base rate (prime) plus the applicable spread. The applicable spreads vary based on a pricing grid, in the case of eurocurrency based loans, from 1.50% to 4.50% per annum depending on the loan facility and whether specified conditions have been satisfied, and, in the case of base rate loans, from 0.25% to 3.25% per annum. As of December 31, 2003 and December 31, 2002, the average interest rates on the HI Credit Facilities were 5.6% and 5.8%, respectively, excluding the impact of interest rate hedges.

The Company's obligations under the HI Credit Facilities are supported by guarantees of HIH and the Company's domestic and certain foreign subsidiaries (collectively, the "HI Guarantors"), as well as pledges of substantially all their assets, including 65% of the voting stock of certain non-U.S. subsidiaries.

The HI Credit Facilities contain covenants relating to incurrence of debt, purchase and sale of assets, limitations on investments, affiliate transactions, change in control provisions and maintenance of certain financial ratios. The financial covenants include a leverage ratio, interest coverage ratio, minimum consolidated net worth level and a limit on capital expenditures. The HI Credit Facilities also limit the payment of dividends generally to the amount required by the members to pay income taxes. Management believes that, as of December 31, 2003, HI is in compliance with the covenants of the HI Credit Facilities.

The following is an update of the Company's disclosures regarding the HI Credit Facilities: on July 13, 2004, the Company amended and restated the HI Credit Facilities. In connection with this amendment and restatement, the Company raised approximately $126.6 million of net proceeds from the issuance of additional term loan borrowings, of which $82.4 million was applied to repay all outstanding borrowings on the HI Revolving Facility and the balance, net of fees, increased cash and cash equivalents. The amendment and restatement reduced the revolving loan facility from $400.0 million to $375.0 million, maturing September 2008, and also provided for, among other things, changes to the applicable interest rate spreads, the amendment of certain financial covenants, including changes to the maximum leverage ratio, the minimum interest coverage ratio, and an increase in the permitted amount of annual consolidated capital expenditures.

Senior Unsecured Notes and Senior Subordinated Notes

In March 2002, the Company issued $300 million 9.875% Senior Unsecured Notes (collectively with the 2003 Senior Notes, the "Senior Notes"). Interest on the Senior Notes is payable semi-annually and the Senior Notes mature on March 1, 2009. The Senior Notes are fully and unconditionally guaranteed on a joint and several basis by the HI Guarantors. The Senior Notes are redeemable, in whole or in part, at any time by the Company on or prior to March 1, 2006 at 100% of the face value plus a "make whole" premium, as defined in the applicable indenture. After March 1, 2006, the Senior

Notes may be redeemed, in whole or in part, at a redemption price that declines from 104.937% to 100% after March 1, 2008.

On April 11, 2003, the Company sold an additional $150 million in aggregate principal amount of 9.875% Senior Notes due 2009 (the "2003 Senior Notes"). The offering was priced at 105.25% plus accrued interest from March 1, 2003. The Company used approximately $26 million of the net proceeds to repay part of the revolving portion of the HI Credit Facilities. The balance of the net proceeds was used primarily to prepay the next 16 months of scheduled amortization due under the term portion of the HI Credit Facilities.

The Company also has outstanding $600 million and €450 million ($569.8 million as of December 31, 2003) 10.125% Senior Subordinated Notes (the "Subordinated Notes"). Interest on the Subordinated Notes is payable semi-annually and the Subordinated Notes mature on July 1, 2009. The Subordinated Notes are fully and unconditionally guaranteed on a joint and several basis by the HI Guarantors. The Subordinated Notes are redeemable, in whole or in part, at any time by the Company prior to July 1, 2004 at 100% of the face value plus a "make whole" premium, as defined in the applicable indenture. On or after July 1, 2004 the Subordinated Notes may be redeemed at 105.063% of the principal amount thereof, declining ratably to par on and after July 1, 2007.

The Senior Notes and the Subordinated Notes contain covenants relating to the incurrence of debt, limitations on distributions, asset sales and affiliate transactions, among other things. They also contain a change of control provision requiring the Company to offer to repurchase the Senior Notes and the Subordinated Notes upon a change of control. Management believes that the Company is in compliance with the covenants of the Senior Notes and the Subordinated Notes as of December 31, 2003.

Other Debt

Included within other debt is debt associated with the Company's China MDI project. In January 2003, the Company entered into two related joint venture agreements to build MDI production facilities near Shanghai, China. The Company owns 70% (a consolidating interest) of one of the joint ventures with Shanghai Chlor-Alkali Chemical Company, Ltd. (the "Splitting JV").

On September 19, 2003, the Splitting JV obtained secured financing for the construction of the production facilities. The Splitting JV obtained term loans for the construction of its plant in the maximum principal amount of approximately $82.4 million, a working capital credit line in the amount of approximately $35.1 million, and a facility for funding VAT payments in the amount of approximately $0.6 million. As of December 31, 2003, there was $5.0 million in total outstanding debt under the working capital facility. The interest rate on the working capital facility is LIBOR plus 48 basis points, and as of December 31, 2003 was 1.7%. The loans are secured by substantially all the assets of the venture and will be repaid in 16 semi-annual installments, beginning no later than June 30, 2007. The financing is non-recourse to our Company, but will be guaranteed during the construction phase by affiliates of the joint venture, including Huntsman Holdings. Huntsman Holdings unconditionally guarantees 70% of any amounts due and unpaid by the Splitting JV under the loans described above (except for the VAT facility which is not guaranteed). Huntsman Holdings' guarantees remain in effect until the relevant joint venture has (i) commenced production at least 70% of capacity for at least 30 days, and (ii) achieved a debt service cover ratio of at least 1:1.

Included within accounts payable, the Company maintains a $25 million multicurrency overdraft facility for its European subsidiaries (the "European Overdraft Facility"). As of December 31, 2003, the

Company had approximately $7.5 million outstanding under the European Overdraft Facility. The European Overdraft Facility is used for daily working capital needs.

Maturities

The scheduled maturities of long-term debt are as follows (dollars in millions):

	December 31, 2003
2004	$ 1.8
2005	43.9
2006	14.4
2007	616.0
2008	604.0
Later Years	1,647.0
	$ 2,927.1

13. Derivative Instruments and Hedging Activities

Interest Rate Hedging

Through the Company's borrowing activities, it is exposed to interest rate risk. Such risk arises due to the structure of the Company's debt portfolio, including the duration of the portfolio and the mix of fixed and floating interest rates. The HI Credit Facilities require that a certain portion of debt be at fixed rates through either interest rate hedges or through other means that provide a similar effect. 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 swaps, collars and options.

As of December 31, 2003 and 2002, the Company had entered into various types of interest rate contracts to manage its interest rate risk on its long-term debt as indicated below (in millions):

	December 31, 2003	December 31, 2002
Pay fixed swaps		
Notional amount	$ 212.7	$ 202.4
Fair value	$ (4.9)	$ (11.8)
Weighted average pay rate	5.65%	5.72%
Maximum weighted average pay rate	6.60%	6.62%
Maturing	2004	2004
Interest rate collars		
Notional amount	$ 150.0	$ 150.0
Fair value	$ (4.8)	$ (11.6)
Weighted average cap rate	7.00%	7.00%
Weighted average floor rate	5.08%	5.08%
Maximum weighted average floor rate	6.25%	6.25%
Maturing	2004	2004

Under interest rate swaps, the Company agrees 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 Company purchases interest rate cap and interest rate collar agreements to reduce the impact of changes in interest rates on its floating-rate long-term debt. The cap agreements entitle the Company to receive from the counterparties (major banks) the amounts, if any, by which the Company's interest payments on certain of its floating-rate borrowings exceed a certain rate. The floor agreements require the Company to pay to the counterparties (major banks) the amount, if any, by which the Company's interest payments on certain of its floating-rate borrowings are less than a certain rate.

The majority of the interest rate contracts have been designated as cash flow hedges of future interest payments on its variable rate debt. The fair value of these interest rate contracts designated as hedges as of December 31, 2003 and 2002 was a loss of approximately $6.2 million and $15.6 million, respectively, which is recorded in other accrued liabilities and in accumulated other comprehensive income (loss) to the extent of the effective portions of the hedging instruments. Gains and losses related to these contracts will be reclassified from other comprehensive income (loss) into earnings in the periods in which the related hedged interest payments are made. As of December 31, 2003, losses of approximately $5.9 million are expected to be reclassified into earnings over the next twelve months. Gains and losses on these agreements, including amounts recorded related to hedge ineffectiveness, are reflected as interest expense in the statement of operations. A net gain of $2.5 million was recorded in interest expense in the year ended December 31, 2003. A net loss of $4.2 million was recorded in interest expense in the year ended December 31, 2002.

As of December 31, 2003 and 2002 swap agreements with a fair value of $3.4 million and $7.8 million loss, respectively have not been designated as a hedge for financial reporting purposes. Accordingly, income of $4.6 million and expense of $0.2 million for the years ended December 31, 2003 and 2002 is recognized in interest expense.

The Company is exposed to credit losses in the event of nonperformance by a counterparty to the derivative financial instruments. The Company anticipates, however, that the counterparties will be able to fully satisfy obligations under the contracts. Market risk arises from changes in interest rates.

Commodity Price Hedging

As of December 31, 2003, there were no cash flow commodity price hedging contracts recorded in other current assets and other comprehensive income. As of December 31, 2002, the fair value of cash flow commodity price hedging contracts included in accrued liabilities was $0.8 million.

As of December 31, 2003 commodity price hedging contracts designated as fair value hedges are included in the balance sheet as an increase of $0.8 million to accrued liabilities and an increase in inventory of $0.5 million. As of December 31, 2002 commodity price hedging contracts designated as fair value hedges are included in the balance sheet as an increase of $0.8 to accrued liabilities and an increase to inventory of $0.8 million.

Commodity price contracts not designated as hedges are reflected in the balance sheet as $0.5 million and $0.3 million in other current assets and accrued liabilities, respectively, as of December 31, 2003, and $0.8 million and $0.2 million in other current assets and accrued liabilities, respectively, as of December 31, 2002.

During the years ended December 31, 2003 and 2002, the Company recorded an increase of $2.2 million and $3.5 million, respectively, in cost of goods sold related to net gains and losses from settled contracts, net gains and losses in fair value price hedges, and the change in fair value on commodity price hedging contracts not designated as hedges.

Foreign Currency Rate Hedging

The Company may enter into foreign currency derivative instruments to minimize the short-term impact of movements in foreign currency rates. These contracts are not designated as hedges for financial reporting purposes and are recorded at fair value. As of December 31, 2003 and 2002 and for the year ended December 31, 2003 and 2002, the fair value, change in fair value, and realized gains (losses) of outstanding foreign currency rate hedging contracts was not material.

Net Investment Hedging

Currency effects of net investment hedges produced losses of approximately $93.6 million and $95.9 million in other comprehensive income (loss) (foreign currency translation adjustments) for the years ended December 31, 2003 and 2002, respectively. As of December 31, 2003 and 2002, there was a cumulative net loss of approximately $126.3 million and $32.7 million, respectively.

14. Income Taxes

The income (loss) before income tax consists of the following (dollars in millions):

	Year Ended December 31, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001
U.S. income (loss)	$ 11.5	$ 101.3	$ (33.5)
Foreign loss	(120.8)	(122.8)	(49.7)
Total	$ (109.3)	$ (21.5)	$ (83.2)

The provision (benefit) for income taxes consists of the following (dollars in millions):

	Year Ended December 31, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001
U.S.:			
Current	$ 0.5	$ 1.4	$ 0.4
Deferred	—	—	—
Foreign:			
Current	21.1	16.9	16.7
Deferred	—	(59.8)	(43.1)
Total	$ 21.6	$ (41.5)	$ (26.0)

The following schedule reconciles the differences between the United States federal income taxes at the United States statutory rate to the Company's provision (benefit) for income taxes (dollars in millions):

	Year Ended December 31, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001
Income taxes at U.S. federal statutory rate	$ (38.3)	$ (7.5)	$ (29.1)
Income not subject to U.S. federal income tax	(4.0)	(23.1)	13.0
State income taxes	0.5	0.4	0.4
Foreign country incentive tax benefits	(3.5)	(17.0)	(14.5)
Foreign currency exchange gains and losses	(13.0)	0.8	0.3
Foreign income tax rate in excess of federal statutory rate	21.9	8.8	4.4
Change in valuation allowance	50.6	—	—
Expiration and utilization of net operating losses	7.6	—	—
Other	(0.2)	(3.9)	(0.5)
Total	$ 21.6	$ (41.5)	$ (26.0)
Effective income tax rate	(19)%	193%	31%

The components of deferred tax assets and liabilities are as follows (dollars in millions):

	December 31, 2003		December 31, 2002	
	Current	Long-term	Current	Long-term
Deferred income tax assets:				
Net operating loss carryforwards	$ —	$ 266.5	$ —	$ 200.9
Tax basis of plant and equipment in excess of book basis	—	31.9	—	38.9
Employee benefits	—	0.5	—	6.1
Other accruals and reserves	14.6	—	45.2	—
Valuation allowance	—	(64.5)	—	(10.1)
Total	14.6	234.4	45.2	235.8
Deferred income tax liabilities:				
Book basis of plant and equipment in excess of tax basis	—	(413.6)	—	(381.4)
Employee benefits	—	(55.6)	—	(69.5)
Other accruals and reserves	(11.6)	—	(14.0)	—
Total	(11.6)	(469.2)	(14.0)	(450.9)
Net deferred tax asset (liability)	$ 3.0	$ (234.8)	$ 31.2	$ (215.1)

The Company has net operating loss carryforwards ("NOLs") of approximately $827 million in various foreign jurisdictions. While the majority of the NOLs have no expiration date, $47.2 million have a limited life and begin to expire in 2006. The Company has a valuation allowance against a portion of its deferred tax assets, primarily related to NOLs in certain foreign jurisdictions. If the valuation allowance is reversed, the majority of the benefit will be allocated to the income tax provision on the consolidated statements of operations, while $3.2 million of the benefit will be used to reduce intangible assets. During 2003, the company recorded an additional valuation allowance of $54.4 million. During 2002, the Company reversed a valuation allowance of $19.1 million, of which $17.5 million was used to reduce goodwill and other intangibles.

The Company does not provide for income taxes or benefits on the undistributed earnings of its international subsidiaries as earnings are reinvested and, in the opinion of management, will continue to be reinvested indefinitely. In consideration of the Company's corporate structure, upon distribution of these earnings, certain of the Company's subsidiaries would be subject to both income taxes and withholding taxes in the various international jurisdictions. It is not practicable to estimate the amount of taxes that might be payable upon distribution.

The Company is treated as a partnership for U.S. federal income tax purposes and as such is generally not subject to U.S. income tax, but rather such income is taxed directly to the Company's owners. Pursuant to the limited liability company agreement and the limited liability company agreement of HIH, the Company has a tax sharing arrangement with all of the Company's and HIH's membership interest holders. Under the arrangement, because the Company is treated as a partnership for United States income tax purposes, the Company will make payments to its parent, HIH, which will in turn make payments to its membership interest holders, in an amount equal to the United States federal and state income taxes we and HIH would have paid had HIH been treated as a corporation for tax purposes. The arrangement also provides that, if we had previously made payments to HIH, and HIH had made payments out to its membership interest holders, the Company will receive cash payments back from the membership interest holders (through HIH) in amounts equal to the United States federal and state income tax refunds or benefit against future tax liabilities we would have received from the use of net operating losses or tax credits generated by the Company, up to the amount of payments that we had previously made. As of December 31, 2003, approximately $3.9 million is due from the membership interest holders (through HIH). The net difference of the book basis of the U.S. assets and liabilities over the tax basis of those assets and liabilities is approximately $478 million.

15. Other Comprehensive Income (Loss)

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

	December 31, 2003		December 31, 2002		December 31, 2001	
	Accumulated other comprehensive income (loss)	Other comprehensive income (loss)	Accumulated other comprehensive income (loss)	Other comprehensive income (loss)	Accumulated other comprehensive income (loss)	Other comprehensive income (loss)
Foreign currency translation adjustments	$ 160.5	$ 198.1	$ (37.6)	$ 148.1	$ (185.7)	$ (65.0)
Additional minimum pension liability, net of tax of $29.6 million and $37.7 million as of December 31, 2003 and 2002 respectively.	(77.1)	11.0	(88.1)	(88.1)	—	—
Additional minimum pension liability — unconsolidated affiliate	(5.6)	(0.2)	(5.4)	(5.4)	—	—
Unrealized gain (loss) on securities	0.2	3.8	(3.6)	(3.6)	—	—
Net unrealized gain (loss) on derivative instruments	(4.9)	6.7	(11.6)	2.4	(14.0)	(14.0)
Cumulative effect of accounting change	(1.1)	—	(1.1)	—	(1.1)	(1.1)
Total	$ 72.0	$ 219.4	$ (147.4)	$ 53.4	$ (200.8)	$ (80.1)

16. Employee Benefit Plans

Defined Benefit and Other Postretirement Benefit Plans

The Company sponsors various contributory and non-contributory defined benefit pension plans covering employees in the U.S., the U.K., Netherlands, Belgium, Canada and a number of other countries. The Company funds the material plans through trust arrangements (or local equivalents) where the assets of the fund are held separately from the employer. The level of funding is in line with local practice and in accordance with the local tax and supervisory requirements. The plan assets consist primarily of equity and fixed income securities.

The Company also sponsors unfunded post-retirement benefit plans other than pensions which provide medical and life insurance benefits covering certain employees in the U.S. and Canada. In 2003, the healthcare trend rate used to measure the expected increase in the cost of benefits was assumed to be 10% per annum decreasing to 5% per annum after four years. In 2002, the healthcare trend rate used to measure the expected increase in the cost of benefits was assumed to be 11% per annum decreasing to 5.0% per annum after five years.

If the healthcare cost trend rate assumptions were increased by 1%, the postretirement benefit obligation as of December 31, 2003 would be increased by $1.4 million. The effect of this change on the sum of the service cost and interest cost would be an increase of $0.1 million. If the healthcare cost trend rate assumptions were decreased by 1%, the postretirement benefit obligation as of December 31, 2003 would be decreased by $1.2 million. The effect of this change on the sum of the service cost and interest cost would be a decrease of $0.1 million.

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets at December 31, 2003 and 2002 (dollars in millions):

	Defined Benefit Plans		Other Postretirement Benefit Plans	
	2003	2002	2003	2002
Change in benefit obligation				
Benefit obligation at beginning of year	$ 1,144.4	$ 959.0	$ 11.6	$ 10.3
Service cost	36.9	34.1	0.4	0.4
Interest cost	64.2	56.4	0.8	0.7
Participant contributions	2.4	2.4	—	—
Plan amendments	0.3	4.3	(1.4)	—
Exchange rate changes	162.6	124.3	0.7	—
Settlements/transfers	—	—	—	—
Other	3.9	4.2	—	—
Curtailments	(1.9)	—	—	—
Special termination benefits	9.8	—	—	—
Actuarial (gain)/loss	45.2	1.8	2.3	0.8
Benefits paid	(43.3)	(42.1)	(0.7)	(0.6)
Benefit obligation at end of year	$ 1,424.5	$ 1,144.4	$ 13.7	$ 11.6
Change in plan assets				
Fair value of plan assets at beginning of year	$ 907.9	$ 930.8	$ —	$ —
Actual return on plan assets	129.6	(129.3)	—	
Exchange rate changes	139.6	110.3	—	—
Plan amendments	—	—	—	—
Participant contributions	2.4	2.4	—	—
Other	2.3	0.6	—	—
Administrative expenses	—	—	—	—
Company contributions	38.3	34.4	0.7	—
Acquisitions	—	0.5		
Benefits paid	(43.3)	(41.8)	(0.7)	—
Fair value of plan assets at end of year	$ 1,176.8	$ 907.9	$ —	$ —
Funded status				
Funded status	$ (247.7)	$ (236.5)	$ (13.7)	$ (11.6)
Unrecognized net actuarial (gain)/loss	439.3	427.1	4.7	2.4
Unrecognized prior service cost	6.4	5.8	(2.8)	(1.6)
Unrecognized net transition obligation	—	—	—	0.4
Accrued benefit cost	$ 198.0	$ 196.4	$ (11.8)	$ (10.4)
Amounts recognized in balance sheet:				
Accrued benefit cost recognized in accrued liabilities and other noncurrent liabilities	$ (149.0)	$ (164.5)	$ (11.8)	$ (10.4)
Prepaid pension cost	235.1	233.7	—	—
Intangible asset	5.2	4.4	—	—
Accumulated other comprehensive income	106.7	122.8	—	—
Accrued benefit cost	$ 198.0	$ 196.4	$ (11.8)	$ (10.4)

Components of the net periodic benefit costs for the years ended December 31, 2003, 2002 and 2001 are as follows (dollars in millions):

	Defined Benefit Plans			Other Postretirement Benefit Plans		
	2003	2002	2001	2003	2002	2001
Service cost	$ 36.9	$ 28.9	$ 34.0	$ 0.4	$ 0.4	$ 0.3
Interest cost	64.2	52.3	56.4	0.8	0.7	0.6
Expected return on assets	(66.5)	(73.4)	(67.5)	0.0	0.0	0.0
Amortization of transition obligation	—	—	—	—	—	—
Amortization of prior service cost	0.6	0.3	4.4	(0.2)	(0.2)	(0.1)
Amortization of actuarial (gain)/loss	22.9	(0.2)	7.5	0.2	0.1	0.3
Net periodic benefit cost	$ 58.1	$ 7.9	$ 34.8	$ 1.2	$ 1.0	$ 1.1

The following assumptions were used in the above calculations:

	Defined Benefit Plans			Other Postretirement Benefit Plans		
	2003	2002	2001	2003	2002	2001
Weighted-average assumptions as of December 31:						
Discount rate	5.51%	5.51%	5.74%	6.25%	6.62%	7.03%
Expected return on plan assets	7.29%	7.00%	7.05%	N/A	N/A	N/A
Rate of compensation increase	3.76%	3.39%	3.46%	4.00%	4.00%	4.00%

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the defined benefit plans with accumulated benefit obligations in excess of plan assets were as follows (dollars in millions):

	2003	2002
Projected benefit obligation	$ 1,424.5	$ 765.4
Accumulated benefit obligation	1,172.1	616.3
Fair value of plan assets	1,176.8	544.8

Equity securities in the Company's U.S. pension plan did not include any equity securities of the Company or its affiliates at the end of 2003.

Defined Contribution Plans

The Company has defined contribution plans covering its domestic employees and employees in some foreign subsidiaries who have completed at least two years of service.

The Company's total combined expense for the above defined contribution plans for the years ended December 31, 2003, 2002 and 2001 were approximately $6.9 million, $6.1 million and $6.3 million, respectively.

17. Commitments and Contingencies

The Company has various purchase commitments extending through 2017 for materials, supplies and services entered into in the ordinary course of business. The purchase commitments are contracts that require minimum volume purchases. Certain contracts allow for changes in minimum required purchase volumes in the event of a temporary or permanent shut down of a facility. The contractual purchase price for substantially all of these contracts is variable based upon market prices, subject to annual negotiations. The Company has also entered into a limited number of contracts which require minimum payments, even if no volume is purchased. These contracts approximate $35 million annually through 2005, declining to approximately $16 million after 2011. Historically, the Company has not made any minimum payments under its take or pay contracts.

The Company is a party to various proceedings instituted by private plaintiffs, governmental authorities and others arising under provisions of applicable laws, including various environmental, products liability and other laws. Based in part on the indemnities provided to the Company by ICI and Huntsman Specialty Chemicals Corporation ("Huntsman Specialty") in connection with the transfer of business to the Company and insurance coverage, management does not believe that the outcome of any of these matters will have a material adverse effect on the Company's financial condition or results of operations.

18. Environmental Matters

General

The Company's operations are subject to extensive environmental laws and regulations concerning emissions to the air, discharges to surface and subsurface waters, and the generation, handling, storage, transportation, treatment and disposal of waste materials, as adopted by various governmental authorities in the jurisdictions in which it operates. The Company makes every reasonable effort to remain in full compliance with existing governmental regulations. Accordingly, the Company may incur costs for capital improvements and general compliance under environmental laws, including costs to acquire, maintain and repair pollution control equipment. The Company cannot provide assurances that material capital expenditures beyond those currently anticipated will not be required under environmental laws.

Environmental Accruals

The Company has established financial reserves relating to environmental restoration and remediation programs, which it believes are sufficient for known requirements. In connection with various acquisitions, the acquisition agreements generally provide for indemnification for environmental pollution existing on the date of acquisition. Liabilities are recorded when site restoration and environmental remediation and clean-up obligations are either known or considered probable and can be reasonably estimated. Liabilities are based upon all available facts, existing technology, past experience and cost-sharing and indemnification arrangements (as to which, the Company considers the viability of other parties).

The Company's capital expenditures relating to environmental matters for the year ended December 31, 2003, were approximately $31 million. A total of $17.0 million has been accrued related to environmental related liabilities as of December 31, 2003.

Estimates of ultimate future environmental restoration and remediation costs are inherently imprecise due to currently unknown factors such as the magnitude of possible contamination, the timing and extent of such restoration and remediation, the determination of the Company's liability in proportion to other parties, the extent to which such costs are recoverable from insurance, and the extent to which environmental laws and regulations may change in the future. However, it is not anticipated that any future costs, in excess of those that have been accrued by the Company, will be material to its results of operations or financial position as a result of compliance with current environmental laws and regulations.

Potential Liabilities

Given the nature of the Company's business, violations of environmental laws may result in restrictions being imposed on operating activities, substantial fines, penalties, damages or other costs, any of which could have a material adverse effect on the Company's business, financial condition, results of operations or cash flows. The Company is aware of the following matters:

The Texas Commission on Environmental Quality (the "TCEQ," formerly the Texas Natural Resource Conservation Commission or TNRCC) approved a settlement with Huntsman Petrochemical Corporation effective June 12, 2003 regarding allegations of environmental regulatory violations at the Company's Port Neches, Texas, facilities. The settlement imposes penalties totaling $302,250, of which $7,000 has already been paid. The balance of the penalty is due on June 11, 2005. Additionally, the settlement requires that the Company apply for an air emissions permit for the joint wastewater treatment plant that services all of the Port Neches facilities. Less than $100,000 of the aforementioned penalties are allocable to the Company. Although management does not anticipate it, it is possible that the terms of a joint wastewater treatment plant air permit may cause the Company to incur substantial costs that could be material.

On October 6, 2002, a leak of sulphuric acid from two tanks located near the Company's Whitehaven, U.K. plant was discovered. About 342 to 347 tonnes of acid were released onto the ground and into the soil near the tanks. Although the Company took immediate steps to contain the spillage and recover acid, a quantity of acid reached a nearby beach via a geological fault. The Company believes that it did not own the tanks; however, it did own the acid in the tanks. The U.K. Environment Agency ("EA") is conducting an investigation that could result in a prosecution being initiated. The U.K. Health and Safety Executive has issued three Improvement Notices requiring corrective action with which the Company is complying. Although the Company can give no assurances, based on currently available information and its understanding of similar investigations and penalties in the past, it believes that, if any charges are brought or additional corrective action orders issued and the Company is ultimately found to be legally responsible, the probable penalties would not be material to its financial position or results of operations.

During 2002 and 2003, the Company voluntarily removed filter salts from a property previously operated by Almagrera in Spain. Almagrera supplied sulphuric acid to one of the Company's subsidiaries. Under an agreement with Almagrera, the subsidiary had for some time supplied filter salts to Almagrera to be used in the manufacture of sulphuric acid. When Almagrera filed for bankruptcy and closed its plant in 2001, a large quantity of stored filter salts was found on its premises, far from its normal warehouse. The Company spent $2.2 million to remove and dispose of the salts. The project has been completed.

The Company is aware that there is or may be soil or groundwater contamination at some of its facilities resulting from past operations. Based on available information and the indemnification rights (including indemnities provided by Huntsman Specialty, ICI, The Rohm and Haas Company, Rhodia S.A. and Dow Chemical, for the facilities that each of them transferred to the Company), the Company believes that the costs to investigate and remediate known contamination will not have a material adverse effect on its financial condition, results of operations or cash flows; however, the Company cannot give any assurance that such indemnities will fully cover the costs of investigation and remediation, that it will not be required to contribute to such costs or that such costs will not be material.

By a Notice of Enforcement letter dated March 6, 2003, the Company was notified by the TCEQ of a probable enforcement action arising out of the inspection of the Freeport, Texas facility on December 16-19, 2002. Seven types of violations relating to the Texas Clean Air Act requirements were cited. After extensive communications with the TCEQ regarding the validity of the allegations, the TCEQ determined that the imposition of penalties was inappropriate. This matter has been dropped.

Under the EU Integrated Pollution Prevention and Control Directive ("IPPC"), EU member governments are to adopt rules and implement a cross-media (air, water, waste) environmental permitting program for individual facilities. The UK was the first EU member government to request IPPC permit applications from the Company. In the UK, the Company has submitted several applications and, very recently, negotiated and received its first IPPC permits. Based upon the terms of these permits, the Company does not anticipate that it will have to make material capital expenditures to comply. Other IPPC permits are under review by the UK Environment Agency. The Company is not yet in a position to know with certainty what the other UK IPPC permits will require, and it is possible that the costs of compliance could be material; however, the Company believes, based upon its experience to date, that the costs of compliance with IPPC permitting in the UK will not be material to its financial condition or results of operations. Additionally, the IPPC directive has recently been implemented in France, and like the Company's operations in the UK, the Company does not anticipate having to make material capital expenditures to comply.

With respect to the Company's facilities in other EU jurisdictions, IPPC implementing legislation is not yet in effect, or the Company has not yet been required to seek IPPC permits. Accordingly, while the Company expects to incur additional future costs for capital improvements and general compliance under IPPC requirements in these jurisdictions, at the present time it is unable to determine whether or not these costs will be material. Accordingly, the Company cannot provide assurance that material capital expenditures and compliance costs will not be required in connection with IPPC requirements.

MTBE Developments

The use of MTBE is controversial in the United States and elsewhere and may be substantially curtailed or eliminated in the future by legislation or regulatory action. The presence of MTBE in some groundwater supplies in California and other states (primarily due to gasoline leaking from underground storage tanks) and in surface water (primarily from recreational watercraft) has led to public concern about MTBE's potential to contaminate drinking water supplies. Heightened public awareness regarding this issue has resulted in state, federal and foreign initiatives to rescind the federal oxygenate requirements for reformulated gasoline or restrict or prohibit the use of MTBE in particular. For example, the California Air Resources Board adopted regulations that prohibit the addition of MTBE to gasoline as of January 1, 2004. Certain other states have also taken actions to restrict or eliminate the future use of MTBE. In connection with its ban, the State of California requested that the EPA waive the federal oxygenated fuels requirements of the federal Clean Air Act for gasoline sold in California. The EPA denied the State's request on June 12, 2001. Certain of the state bans, including California's ban, have been challenged in court as unconstitutional (in light of the Clean Air Act). On June 4, 2003, a federal court of appeals rejected such a challenge to California's ban, ruling that the ban is not pre-empted by the Clean Air Act.

Bills have been introduced in the U.S. Congress to curtail or eliminate the oxygenated fuels requirements in the Clean Air Act, or curtail MTBE use. To date, no such legislation has become law, but such legislation is being considered by Congress and could result in a federal ban on the use of MTBE in gasoline. In addition, on March 20, 2000, the EPA announced its intention, through an advanced notice of proposed rulemaking, to phase out the use of MTBE under authority of the federal

Toxic Substances Control Act. In its notice, the EPA also called on the U.S. Congress to restrict the use of MTBE under the Clean Air Act.

In Europe, the EU issued a final risk assessment report on MTBE on September 20, 2002. While no ban of MTBE was recommended, several risk reduction measures relating to storage and handling of MTBE-containing fuel were recommended. Separate from EU action, Denmark entered into a voluntary agreement with refiners to reduce the sale of MTBE in Denmark. Under the agreement, use of MTBE in 92- and 95-octane gasoline in Denmark ceased by May 1, 2002; however, MTBE is still an additive in a limited amount of 98-octane gasoline sold in about 100 selected service stations in Denmark.

Any phase-out or other future regulation of MTBE in other states, nationally or internationally may result in a significant reduction in demand for the Company's MTBE and result in a material loss in revenues or material costs or expenditures. In the event that there should be a phase-out of MTBE in the United States, the Company believes it will be able to export MTBE to Europe or elsewhere or use its co-product TBA to produce saleable products other than MTBE. The Company believes that the low production costs at its PO/MTBE facility will put it in a favorable position relative to other higher cost sources (primarily, on-purpose manufacturing). If the Company opts to produce products other than MTBE, necessary modifications to its facilities may require significant capital expenditures and the sale of the other products may produce a materially lower level of cash flow than the sale of MTBE.

In addition, while the Company has not been named as a defendant in any litigation concerning the environmental effects of MTBE, it cannot provide assurances that it will not be involved in any such litigation or that such litigation will not have a material adverse effect on its business, financial condition, results of operations or cash flows. In 2003, the U.S. House of Representatives passed a version of an energy bill that contained limited liability protection for producers of MTBE. The Senate's version of the bill did not have liability protection. The issue was one of the reasons that a compromise energy bill was not passed. Whether a compromise will be reached on this legislation in 2004, and whether any compromise will provide liability protection for producers, are unknown. In any event, the liability protection provision in the House bill applied only to defective product claims; it would not preclude other types of lawsuits.

REACH Developments

On October 29, 2003, the European Commission adopted a proposal for a new EU regulatory framework for chemicals. Under this proposed new system called "REACH" (Registration, Evaluation and Authorisation of CHemicals), enterprises that manufacture or import more than one ton of a chemical substance per year would be required to register such manufacture or import in a central database. The REACH initiative, as proposed, would require risk assessment of chemicals, preparations (e.g., soaps and paints) and articles (e.g., consumer products) before those materials could be manufactured or imported into EU countries. Where warranted by a risk assessment, hazardous substances would require authorizations for their use. This regulation could impose risk control strategies that would require capital expenditures by the Company. As proposed, REACH would take effect in stages over the next decade. The impacts of REACH on the chemical industry and on the Company are unclear at this time because the parameters of the program are still being actively debated. Nevertheless, it is possible that REACH, if implemented, would be costly to the Company.

19. Related-party Transactions

The Company shares numerous services and resources with Huntsman LLC and its subsidiaries. In accordance with various agreements, Huntsman LLC provides management, operating, maintenance, steam, electricity, water and other services to the Company. The Company also relies on Huntsman LLC to supply certain raw materials and to purchase products. Rubicon, LLC, and Louisiana Pigment Company are unconsolidated 50% owned affiliates of the Company. The amounts which the Company purchased from or sold to related parties are as follows (dollars in millions):

	Year Ended December 31, 2003		Year Ended December 31, 2002		Year Ended December 31, 2001	
	Purchases From	Sales To	Purchases From	Sales To	Purchases From	Sales To
Huntsman LLC and subsidiaries	$ 200.9	$ 72.4	$ 226.6	$ 57.7	$ 217.5	$ 73.8
ICI and subsidiaries(1)	6.7	107.5	188.6	252.6	235.5	286.2
Other unconsolidated affiliates	392.7	23.9	392.7	23.4	537.5	16.0

(1) Effective May 1, 2003, HMP purchased ICI's remaining membership interest in the Company, after this date, ICI is no longer an affiliate.

Included in purchases from Huntsman LLC and its subsidiaries for the years ended December 31, 2003, 2002 and 2001 is $74 million, $65 million and $54 million, respectively, of allocated management costs which are reported in selling, general and administrative expenses. The amounts which the Company is owed or owes to related parties are as follows (dollars in millions):

	December 31, 2003				December 31, 2002			
	Receivables From		Payables To		Receivables From		Payables To	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Huntsman LLC and subsidiaries	$ 15.6	$ —	$ 52.5	$ —	$ 16.3	$ —	$ 47.1	$ —
ICI and subsidiaries(1)	N/A	N/A	N/A	N/A	39.9	5.8	6.3	—
Other unconsolidated affiliates	10.3	13.5	25.2	29.1	9.0	12.8	29.5	37.9

(1) Effective May 1, 2003, HMP purchased ICI's remaining membership interest in the Company, after this date, ICI is no longer an affiliate.

20. Lease Commitments

The Company leases a number of assets which are accounted for as operating leases. The lease obligation reflected in the Company's consolidated statements of operations as rental expense, totaled $11.0 million, $15.8 million and $18.5 million for the years ended December 31, 2003, 2002 and 2001, respectively. The minimum future rental payments due under existing agreements are by year (dollars in millions):

Year	Amount
2004	$ 15.2
2005	13.2
2006	7.8
2007	7.0
2008	3.9
Later years	44.2

The Company also has lease obligations accounted for as capital leases which are included in other long term debt. The present value of the future net minimum lease payments is $12.3 million and $18.3 million at December 31, 2003 and 2002, respectively.

21. 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 has four reportable operating segments: Polyurethanes, Performance Products, Pigments and Base Chemicals. During 2002 the Company realigned its principal operating segments. The most significant change was the split of the former Specialty Chemicals segment into two segments: Polyurethanes and Performance Products. The former Tioxide segment was renamed Pigments and the former Petrochemicals segment was renamed Base Chemicals.

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

Segment	Products
Polyurethanes	MDI, TDI, TPU, polyols, aniline, PO, TBA and MTBE
Performance Products	Surfactants, ethyleneamines and other performance chemicals
Pigments	Titanium dioxide
Base Chemicals	Ethylene, propylene, benzene, cyclohexane and paraxylene

Financial information for each of the Company's reportable operating segments is as follows (dollars in millions):

	Year Ended December 31, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001
Net Revenues:			
Polyurethanes	$ 2,297.5	$ 2,066.0	$ 2,073.7
Performance Products	659.6	574.3	455.3
Pigments	1,009.9	880.3	872.1
Base Chemicals	1,421.8	1,097.5	1,268.6
Eliminations	(143.3)	(100.0)	(94.5)
Total	$ 5,245.5	$ 4,518.1	$ 4,575.2
EBITDA(1):			
Polyurethanes	$ 233.4	$ 365.1	$ 262.7
Performance Products	(15.8)	27.2	21.1
Pigments	105.4	68.3	139.4
Base Chemicals	77.7	13.8	20.4
Corporate and other items(2)	19.4	5.8	(60.4)
Total EBITDA	$ 420.1	$ 480.2	$ 383.2
Interest expense, net	(251.5)	(245.4)	(239.6)
Income tax benefit (expense)	(21.6)	41.5	26.0
Cumulative effect of accounting change	—	—	(1.5)
Depreciation and amortization	(277.9)	(256.2)	(229.0)
Net income (loss)	$ (130.9)	$ 20.1	$ (60.9)
Depreciation and Amortization:			
Polyurethanes	$ 142.6	$ 134.7	$ 130.1
Performance Products	12.7	10.6	4.6
Pigments	65.2	54.2	43.8
Base Chemicals	49.9	47.3	43.4
Corporate and other items(2)	7.5	9.4	7.1
Total	$ 277.9	$ 256.2	$ 229.0
Capital Expenditures:			
Polyurethanes	$ 39.1	$ 58.3	$ 77.6
Performance Products	12.2	11.5	5.9
Pigments	51.7	97.4	161.4
Base Chemicals	24.4	23.3	29.3
Corporate and other items	—	—	16.8
Total	$ 127.4	$ 190.5	$ 291.0
Total Assets:			
Polyurethanes	$ 3,733.9	$ 3,489.4	$ 3,217.4
Performance Products	307.6	307.7	316.2
Pigments	1,554.5	1,502.8	1,386.6
Base Chemicals	1,168.2	1,052.6	939.3
Corporate and other items(2)	3,585.8	3,372.7	3,281.7
Eliminations	(4,857.3)	(4,557.9)	(4,279.1)
Total	$ 5,492.7	$ 5,167.3	$ 4,862.1

(1) EBITDA is defined as net income (loss) from continuing operations before interest, depreciation and amortization and taxes.

(2) Corporate and other items includes unallocated corporate overhead, loss on sale of accounts receivable, foreign exchange gains or losses and other non-operating income (expense).

	Year Ended December 31, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001
		(In millions)	
By Geographic Area			
Net Sales:			
United States	$ 1,853.1	$ 1,742.4	$ 1,573.1
United Kingdom	1,927.0	1,537.9	1,628.5
Netherlands	1,019.8	894.6	929.8
Other nations	1,640.6	1,457.6	1,344.5
Adjustments and eliminations	(1,195.0)	(1,114.4)	(900.7)
Total	$ 5,245.5	$ 4,518.1	$ 4,575.2
Long-lived Assets:			
United States	$ 858.0	$ 901.6	$ 950.1
United Kingdom	1,133.5	1,077.8	976.4
Netherlands	410.6	366.7	304.8
Other nations	854.1	725.0	608.2
Corporate	0.0	0.0	
Total	$ 3,256.2	$ 3,071.1	$ 2,839.5

22. Selected Unaudited Quarterly Financial Data

In March 2004, the Company's management discovered that it had inappropriately calculated foreign exchange gains and losses with respect to its accounts receivable securitization program and had incorrectly classified the foreign exchange gains and losses on the securitized receivables denominated in foreign currency in its consolidated statements of operations for each of the first three quarters of 2003. As a result, the Company has restated its consolidated financial statements for each of the first three quarters of 2003 to correct its accounting and classification of foreign exchange gains and losses related to the accounts receivable securitization program. A summary of the significant effects of this restatement is included below (dollars in millions):

	Three Months Ended March 31, 2003	Three Months Ended June 30, 2003	Three Months Ended September 30, 2003	Three Months Ended December 31, 2003	Year Ended December 31, 2003
Revenues	$ 1,297.7	$ 1,307.4	$ 1,275.7	$ 1,364.7	$ 5,245.5
Gross profit	135.4	154.4	136.4	158.2	584.4
Operating income:					
—as previously reported	17.5	37.3	28.6	N/A	
—as restated	35.0	52.4	32.5	56.0	175.9
Net loss:					
—as previously reported	(50.0)	(34.6)	(32.3)	N/A	
—as restated	(32.1)	(22.3)	(25.9)	(50.6)	(130.9)

A summary of selected unaudited quarterly financial data for the years ended December 31, 2002 is as follows (dollars in millions):

	Three Months Ended March 31, 2002	Three Months Ended June 30, 2002	Three Months Ended September 30, 2002	Three Months Ended December 31, 2002	Year Ended December 31, 2002
Revenues	$ 997.9	$ 1,175.0	$ 1,195.2	$ 1,150.0	$ 4,518.1
Gross profit	125.5	157.6	174.9	157.4	615.4
Operating income	24.5	81.8	67.9	53.9	228.1
Net income (loss)	2.1	(0.2)	0.6	17.6	20.1

During the years ended December 31, 2003 and 2002, the Company incurred $56.7 million and $7.7 million, respectively, of restructuring and plant closing costs, respectively. See, "Note 10—Restructuring and Plant Closing Costs."

23. Restatements

In the course of preparing a registration statement in October 2004 for the proposed initial public offering of the common stock of the Company's ultimate parent, the Company determined to reclassify certain amounts in its consolidated statements of cash flows for the year ended December 31, 2003, 2002 and 2001, to accurately reflect the effects of foreign currency exchange gains and losses and investments in unconsolidated affiliates. As a result, the Company restated the accompanying consolidated statements of cash flows for the years ended December 31, 2003, 2002, and 2001. There was no change to the line "Cash or Cash Equivalents" due to this restatement. A summary of the significant effects of this restatement is provided below (dollars in millions):

	Year ended December 31, 2003		Year ended December 31, 2002		Year ended December 31, 2001	
	As previously reported	As restated	As previously reported	As restated	As previously reported	As restated
Net cash provided by operating activities	$ 48.5	$ 98.5	$ 157.5	$ 178.1	$ 202.4	$ 191.1
Effect of exchange rate changes on cash	55.2	5.2	21.8	1.2	(5.1)	6.2

24. Subsequent Events

Litigation

The Company settled certain claims during and prior to the second quarter of 2004 relating to discoloration of unplasticized polyvinyl chloride products allegedly caused by the Company's TiO_2 ("Discoloration Claims"). Substantially all of the TiO_2 that was the subject of these claims was manufactured prior to the Company's acquisition of its TiO_2 business from ICI in 1999. Net of amounts it has received from insurers and pursuant to contracts of indemnity, the Company has paid approximately £8 million ($14.9 million) in costs and settlement amounts for Discoloration Claims.

Certain insurers have denied coverage with respect to certain Discoloration Claims. The Company brought suit against these insurers to recover the amounts the Company believes are due to it. The court found in favor of the insurers, but the Company has lodged an application for leave to appeal that decision. The Company does not expect the application to be determined before the end of 2004.

During the second quarter 2004, the Company recorded a charge in the amount of $14.9 million with respect to Discoloration Claims. The Company expects that it will incur additional costs with respect to Discoloration Claims, potentially including additional settlement amounts. However, the Company does not believe that it has material ongoing exposure for additional Discoloration Claims, after giving effect to its rights under contracts of indemnity, including the rights of indemnity it has against ICI. Nevertheless, the Company can provide no assurance that its costs with respect to Discoloration Claims will not have a material adverse impact on its financial condition, results of operations or cash flows.

Restructuring and Plant Closing Costs

During the nine months ended September 30, 2004, the Company recorded additional restructuring and plant closing costs of $171.5 million, of which $82.4 million represents non-cash charges for asset impairments and write-downs.

In addition, on October 27, 2004, the Company adopted a plan to rationalize the Whitehaven, U.K., surfactants operations of our Performance Products segment. In connection with the rationalization of the Whitehaven facility, the Company expects to recognize a restructuring charge of approximately $51 million in the fourth quarter of 2004.

25. Consolidating Condensed Financial Statements

The following are consolidating condensed financial statements which present, in separate columns: the Company carrying its investment in subsidiaries under the equity method; the HI 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 December 31, 2003 and 2002 and for the years ended December 31, 2003, 2002 and 2001. There are no restrictions limiting transfers of cash from guarantor and non-guarantor subsidiaries to the Company. The combined Guarantors are wholly-owned subsidiaries of the Company and have fully and unconditionally guaranteed the Senior Notes and the 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.

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATING CONDENSED BALANCE SHEETS

YEAR ENDED DECEMBER 31, 2003

(Dollars in Millions)

	Parent Only Huntsman International	Guarantors	Non-Guarantors	Eliminations	Consolidated Huntsman International
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 16.6	$ (0.3)	$ 81.5	$ —	$ 97.8
Accounts receivable, net	63.5	91.3	515.0	(105.4)	564.4
Inventories	47.9	78.6	470.4	—	596.9
Prepaid expenses	5.8	1.7	16.1	—	23.6
Deferred tax asset	—	—	3.0	—	3.0
Other current assets	224.1	316.9	85.5	(542.9)	83.6
Total current assets	357.9	488.2	1,171.5	(648.3)	1,369.3
Property, plant and equipment, net	526.5	331.5	2,398.2	—	3,256.2
Investment in unconsolidated affiliates	3,356.8	791.8	7.3	(4,017.2)	138.7
Intangible assets, net	259.5	4.6	19.3	—	283.4
Other noncurrent assets	80.5	1,696.9	355.2	(1,687.5)	445.1
Total assets	$ 4,581.2	$ 3,313.0	$ 3,951.5	$ (6,353.0)	$ 5,492.7
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	$ 64.0	$ 68.3	$ 533.9	$ (104.9)	$ 561.3
Accrued liabilities	381.4	40.1	509.6	(543.4)	387.7
Current portion of long-term debt	1.7	—	0.1	—	1.8
Total current liabilities	447.1	108.4	1,043.6	(648.3)	950.8
Long-term debt	2,926.5	—	1,686.3	(1,687.5)	2,925.3
Deferred income taxes	—	—	234.8	—	234.8
Other noncurrent liabilities	53.9	—	170.6	—	224.5
Total liabilities	3,427.5	108.4	3,135.3	(2,335.8)	4,335.4
Minority interests	—	—	3.6	—	3.6
Equity:					
Member's equity	1,026.1	—	—	—	1,026.1
Subsidiary equity	—	2,220.0	874.0	(3,094.0)	—
Retained earnings	55.6	591.1	(58.1)	(533.0)	55.6
Accumulated other comprehensive income (loss)	72.0	393.5	(3.3)	(390.2)	72.0
Total equity	1,153.7	3,204.6	812.6	(4,017.2)	1,153.7
Total liabilities and equity	$ 4,581.2	$ 3,313.0	$ 3,951.5	$ (6,353.0)	$ 5,492.7

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATING CONDENSED BALANCE SHEETS

YEAR ENDED DECEMBER 31, 2002

(Dollars in Millions)

	Parent Only Huntsman International	Guarantors	Non-Guarantors	Eliminations	Consolidated Huntsman International
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 19.0	$ 0.3	$ 56.1	$ —	$ 75.4
Accounts receivable, net	97.0	113.8	378.5	(115.4)	473.9
Inventories	53.2	63.4	444.7	—	561.3
Prepaid expenses	4.3	1.9	15.8	—	22.0
Other current assets	68.8	245.5	130.4	(344.1)	100.6
Total current assets	242.3	424.9	1,025.5	(459.5)	1,233.2
Property, plant and equipment, net	562.3	339.3	2,169.5	—	3,071.1
Investment in unconsolidated affiliates	3,098.0	717.4	1.5	(3,683.0)	133.9
Intangible assets, net	289.4	6.3	7.1	—	302.8
Other noncurrent assets	87.9	1,599.0	332.5	(1,593.1)	426.3
Total assets	$ 4,279.9	$ 3,086.9	$ 3,536.1	$ (5,735.6)	$ 5,167.3
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	$ 73.2	$ 66.7	$ 544.2	$ (115.4)	$ 568.7
Accrued liabilities	308.8	31.0	302.9	(30.7)	298.6
Current portion of long-term debt	43.2	—	0.7	—	43.9
Total current liabilities	425.2	97.7	847.8	(459.5)	911.2
Long-term debt	2,741.2	—	1,581.8	(1,593.1)	2,729.9
Deferred income taxes	—	—	215.1	—	215.1
Other noncurrent liabilities	48.3	3.8	193.8	—	245.9
Total liabilities	3,214.7	101.5	2,838.5	(2,052.6)	4,102.1
Equity:					
Member's equity	1,026.1	—	—	—	1,026.1
Subsidiary equity	—	2,408.8	772.8	(3,181.6)	—
Retained earnings	186.5	675.7	34.9	(710.6)	186.5
Accumulated other comprehensive loss	(147.4)	(99.1)	(110.1)	209.2	(147.4)
Total equity	1,065.2	2,985.4	697.6	(3,683.0)	1,065.2
Total liabilities and equity	$ 4,279.9	$ 3,086.9	$ 3,536.1	$ (5,735.6)	$ 5,167.3

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

YEAR ENDED DECEMBER 31, 2003

(Dollars in Millions)

	Parent Only Huntsman International	Guarantors	Non-Guarantors	Eliminations	Consolidated Huntsman International
Revenues:					
Trade sales and services	$ 705.0	$ 676.0	$ 3,660.7	$ —	$ 5,041.7
Related party sales	138.7	118.6	201.0	(254.5)	203.8
Total revenue	843.7	794.6	3,861.7	(254.5)	5,245.5
Cost of goods sold	684.4	717.6	3,513.6	(254.5)	4,661.1
Gross profit	159.3	77.0	348.1	—	584.4
Expenses:					
Selling, general and administrative	65.2	(3.4)	240.6	—	302.4
Research and development	37.7	1.9	9.8	—	49.4
Restructuring and plant closing costs	—	—	56.7	—	56.7
Total expenses	102.9	(1.5)	307.1	—	408.5
Operating income	56.4	78.5	41.0	—	175.9
Interest (expense) income, net	(254.4)	150.0	(147.1)	—	(251.5)
Gain (loss) on sale of accounts receivable	(64.3)	(2.8)	34.7	—	(32.4)
Equity in earnings (losses) of unconsolidated affiliates	132.7	(141.1)	—	8.4	—
Other income (expense)	(1.3)	—	—	—	(1.3)
Income (loss) before income taxes	(130.9)	84.6	(71.4)	8.4	(109.3)
Income tax (expense) benefit	—	—	(21.6)	—	(21.6)
Net income (loss)	(130.9)	84.6	(93.0)	8.4	(130.9)
Other comprehensive income (loss)	219.4	492.6	106.8	(599.4)	219.4
Comprehensive income (loss)	$ 88.5	$ 577.2	$ 13.8	$ (591.0)	$ 88.5

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

YEAR ENDED DECEMBER 31, 2002

(Dollars in Millions)

	Parent Only Huntsman International	Guarantors	Non-Guarantors	Eliminations	Consolidated Huntsman International
Revenues:					
Trade sales and services	$ 674.3	$ 604.6	$ 2,881.0	$ —	$ 4,159.9
Related party sales	129.2	111.4	331.5	(238.4)	333.7
Tolling fees	—	23.9	0.6	—	24.5
Total revenue	803.5	739.9	3,213.1	(238.4)	4,518.1
Cost of goods sold	573.2	603.2	2,964.7	(238.4)	3,902.7
Gross profit	230.3	136.7	248.4	—	615.4
Expenses:					
Selling, general and administrative	100.1	8.1	216.8	—	325.0
Research and development	35.1	1.7	17.8	—	54.6
Restructuring and plant closing costs	—	—	7.7	—	7.7
Total expenses	135.2	9.8	242.3	—	387.3
Operating income	95.1	126.9	6.1	—	228.1
Interest (expense) income, net	(248.9)	117.9	(114.4)	—	(245.4)
Gain (loss) on sale of accounts recievable	0.6	(3.3)	(2.8)	—	(5.5)
Equity in earnings (losses) of unconsolidated affiliates	173.6	(79.6)	—	(93.8)	0.2
Other income (expense)	0.1	0.1	0.9	—	1.1
Income (loss) before income taxes	20.5	162.0	(110.2)	(93.8)	(21.5)
Income tax (expense) benefit	(0.4)	0.1	41.8	—	41.5
Minority interests in subsidiaries income	—	—	0.1	—	0.1
Net income (loss)	20.1	162.1	(68.3)	(93.8)	20.1
Other comprehensive income (loss)	53.4	155.9	(16.7)	(139.2)	53.4
Comprehensive income (loss)	$ 73.5	$ 318.0	$ (85.0)	$ (233.0)	$ 73.5

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

YEAR ENDED DECEMBER 31, 2001

(Dollars in Millions)

	Parent Only Huntsman International	Guarantors	Non-Guarantors	Eliminations	Consolidated Huntsman International
Revenues:					
Trade sales and services	$ 615.1	$ 638.6	$ 2,924.5	$ —	$ 4,178.2
Related party sales	148.9	150.0	375.1	(298.0)	376.0
Tolling fees	—	20.5	0.5	—	21.0
Total revenue	764.0	809.1	3,300.1	(298.0)	4,575.2
Cost of goods sold	577.5	712.3	2,998.3	(298.0)	3,990.1
Gross profit	186.5	96.8	301.8	—	585.1
Expenses:					
Selling, general and administrative	93.6	19.3	191.9	—	304.8
Research and development	52.3	3.3	6.9	—	62.5
Restructuring and plant closing costs	3.4	—	43.2	—	46.6
Total expenses	149.3	22.6	242.0	—	413.9
Operating income	37.2	74.2	59.8	—	171.2
Interest (expense) income, net	(247.0)	107.7	(100.3)	—	(239.6)
Gain (loss) on sale of accounts receivable	(2.5)	(4.5)	(5.8)	—	(12.8)
Equity in earnings (losses) of unconsolidated affiliates	156.6	(25.4)	0.1	(131.2)	0.1
Other income (expense)	(3.5)	—	1.4	—	(2.1)
Income (loss) before income taxes	(59.2)	152.0	(44.8)	(131.2)	(83.2)
Income tax (expense) benefit	(0.2)	(0.1)	26.3	—	26.0
Minority interests in subsidiaries income	—	—	(2.2)	—	(2.2)
Income (loss) before accounting change	(59.4)	151.9	(20.7)	(131.2)	(59.4)
Cumulative effect of accounting change	(1.5)	—	—	—	(1.5)
Net income (loss)	(60.9)	151.9	(20.7)	(131.2)	(60.9)
Other comprehensive income (loss)	(80.1)	(85.5)	(37.5)	123.0	(80.1)
Comprehensive income (loss)	$ (141.0)	$ 66.4	$ (58.2)	$ (8.2)	$ (141.0)

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATING CONDENSED STATEMENTS OF CASH FLOW

YEAR ENDED DECEMBER 31, 2003

(Dollars in Millions)

	Parent Only Huntsman International	Guarantors	Non-Guarantors	Eliminations	Consolidated Huntsman International
Net cash used in operating activities	$ (244.8)	$ 287.2	$ 56.1	$ —	$ 98.5
Investing activities:					
Capital expenditures	(6.9)	(9.5)	(111.0)	—	(127.4)
Investment in unconsolidated affiliate	—	—	(6.1)	—	(6.1)
Net cash received from unconsolidated affiliates	—	0.8	—	—	0.8
Advances to unconsolidated affiliates	(3.0)	—	—	—	(3.0)
Net cash used in investing activities	(9.9)	(8.7)	(117.1)	—	(135.7)
Financing activities:					
Net repayments under revolving loan facilities	(45.0)	—	—	—	(45.0)
Issuance of senior notes	157.9	—	—	—	157.9
Proceeds from long-term debt	205.0	—	—	—	205.0
Repayment of long-term debt	(259.1)	—	(4.9)	—	(264.0)
Net borrowings under overdraft facilities	7.5	—	—	—	7.5
Cash contributions by parent	—	248.9	4,159.5	(4,408.4)	—
Cash distributions from subsidiaries	4,716.7	—	—	(4,716.7)	—
Cash distributions to parent	—	(548.9)	(4,167.8)	4,716.7	—
Cash distributions to subsidiaries	(4,408.4)	—	—	4,408.4	—
Shares issued to minorities for cash	—	—	2.7	—	2.7
Debt issuance costs	(9.7)	—	—	—	(9.7)
Intercompany advances—net of repayments	(112.6)	20.9	91.7	—	—
Net cash provided by (used in) financing activities	252.3	(279.1)	81.2	—	54.4
Effect of exchange rate changes on cash	—	—	5.2	—	5.2
Increase in cash and cash equivalents	(2.4)	(0.6)	25.4	—	22.4
Cash and cash equivalents at beginning of period	19.0	0.3	56.1	—	75.4
Cash and cash equivalents at end of period	$ 16.6	$ (0.3)	$ 81.5	$ —	$ 97.8

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATING CONDENSED STATEMENTS OF CASH FLOW

YEAR ENDED DECEMBER 31, 2002

(Dollars in Millions)

	Parent Only Huntsman International	Guarantors	Non-Guarantors	Eliminations	Consolidated Huntsman International
Net cash used in operating activities	$ 56.4	$ (7.7	$ 129.4	$ —	$ 178.1
Investing activities:					
Capital expenditures	(9.4)	(3.1)	(178.0)	—	(190.5)
Acquisition minority interest	—	—	(9.0)	—	(9.0)
Net cash received from unconsolidated affiliates	—	8.0	—	—	8.0
Advances to unconsolidated affiliates	(3.3)	—	—	—	(3.3)
Proceeds from sale of fixed assets	(0.4)	—	6.3	—	5.9
Net cash used in investing activities	(13.1)	4.9	(180.7)	—	(188.9)
Financing activities:					
Net borrowings (repayments) under revolving loan facilities	(43.6)	—	—	—	(43.6)
Issuance of senior notes	300.0	—	—	—	300.0
Repayment of long term debt	(247.2)	—	2.2	—	(245.0)
Debt issuance costs	(10.3)	—	—	—	(10.3)
Cash contributions by parent	—	441.5	3,232.5	(3,674.0)	—
Cash distributions from subsidiaries	3,612.5	—	—	(3,612.5)	—
Cash distributions to parent	—	(431.8)	(3,180.7)	3,612.5	—
Cash distributions to subsidiaries	(3,674.0)	—	—	3,674.0	—
Intercompany advances—net of repayments	17.3	(9.4)	(7.9)	—	—
Net cash provided by (used in) financing activities	(45.3)	0.3	46.1	—	1.1
Effect of exchange rate changes on cash	—	—	1.2	—	1.2
Increase in cash and cash equivalents	(2.0)	(2.5)	(4.0)	—	(8.5)
Cash and cash equivalents at beginning of period	21.0	2.8	60.1	—	83.9
Cash and cash equivalents at end of period	$ 19.0	$ 0.3	$ 56.1	$ —	$ 75.4

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONSOLIDATING CONDENSED STATEMENTS OF CASH FLOW

YEAR ENDED DECEMBER 31, 2001

(Dollars in Millions)

	Parent Only Huntsman International	Guarantors	Non-Guarantors	Eliminations	Consolidated Huntsman International
Net cash used in operating activities	$ (158.1)	$ (12.2)	$ 361.4	$ —	$ 191.1
Investing activities:					
Capital expenditures	(48.2)	(4.0)	(238.8)	—	(291.0)
Acquisition of other businesses	(33.8)	(29.1)	(146.6)	—	(209.5)
Net cash received from unconsolidated affiliates	—	11.3	—	—	11.3
Advances to unconsolidated affiliates	(2.5)	—	—	—	(2.5)
Net cash used in investing activities	(84.5)	(21.8)	(385.4)	—	(491.7)
Financing activities:					
Net borrowings under revolving loan facilities	79.5	—	—	—	79.5
Issuance of senior subordinated notes	233.2	—	—	—	233.2
Proceeds from other long-term debt	—	—	4.4	—	4.4
Repayment of other long-term debt	—	—	(2.4)	—	(2.4)
Debt issuance costs	(6.5)	—	—	—	(6.5)
Cash contributions by parent	4.0	831.3	3,183.1	(4,014.4)	4.0
Cash distributions from subsidiaries	3,935.9	—	—	(3,935.9)	—
Cash distributions to parent	—	(744.5)	(3,191.4)	3,935.9	—
Cash distributions to subsidiaries	(3,963.3)	(51.1)	—	4,014.4	—
Intercompany advances—net of repayments	(24.9)	1.1	23.8	—	—
Net cash provided by (used in) financing activities	257.9	36.8	17.5	—	312.2
Effect of exchange rate changes on cash	—	—	6.2	—	6.2
Increase in cash and cash equivalents	15.3	2.8	(0.3)	—	17.8
Cash and cash equivalents at beginning of period	5.7	—	60.4	—	66.1
Cash and cash equivalents at end of period	$ 21.0	$ 2.8	$ 60.1	$ —	$ 83.9

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
Schedule II—Valuation and Qualifying Accounts

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to cost and expenses	Charged to other accounts	Deductions	Balance at End of Period
Allowance for Doubtful Accounts					
Year Ended December 31, 2003	$ 14.5	$ 10.2	$ —	$ (11.3)	$ 13.4
Year Ended December 31, 2002	$ 15.2	$ 4.1	$ —	$ (4.8)	$ 14.5
Year Ended December 31, 2001	$ 10.6	$ 2.8	$ 3.0(1)	$ (1.2)	$ 15.2

(1) Represents specific reserves provided for receivables which were purchased with businesses acquired in 2001.

EXHIBIT INDEX

Number	Description of Exhibits
3.1	Certificate of Formation of Huntsman International LLC (incorporated by reference to Exhibit 3.1 to our registration statement on Form S-4 (File No. 333-85141))
3.2	Second Amended and Restated Limited Liability Company Agreement of Huntsman International LLC dated December 20, 2001 (incorporated by reference to Exhibit 3.2 to amendment no. 1 to our annual report on Form 10-K/A for the year ended December 31, 2001)
3.3	Certificate of Formation of Huntsman International Financial LLC (incorporated by reference to Exhibit 3.3 to our registration statement on Form S-4 (File No. 333-85141))
3.4	Limited Liability Company Agreement of Huntsman International Financial LLC dated June 18, 1999, as amended by the First Amendment dated June 19, 1999 (incorporated by reference to Exhibit 3.4 to our registration statement on Form S-4 (File No. 333-85141))
3.5	Memorandum of Association of Tioxide Group (incorporated by reference to Exhibit 3.5 to our registration statement on Form S-4 (File No. 333-85141))
3.6	Articles of Association of Tioxide Group (incorporated by reference to Exhibit 3.6 to our registration statement on Form S-4 (File No. 333-85141))
3.7	Memorandum of Association of Tioxide Americas Inc. (incorporated by reference to Exhibit 3.7 to our registration statement on Form S-4 (File No. 333-85141))
3.8	Articles of Association of Tioxide Americas Inc. (incorporated by reference to Exhibit 3.8 to our registration statement on Form S-4 (File No. 333-85141))
3.9	Certificate of Amendment to Certificate of Formation of Huntsman International LLC (incorporated by reference to Exhibit 3.9 to our annual report on Form 10-K for the year ended December 31, 2000)
3.10	Certificate of Amendment to Certificate of Formation of Huntsman International Financial LLC (incorporated by reference to Exhibit 3.10 to our annual report on Form 10-K for the year ended December 31, 2000)
3.11	Certificate of Formation of Huntsman Propylene Oxide Holdings LLC (incorporated by reference to Exhibit 3.7 to our registration statement on Form S-4 (File No. 333-58578))
3.12	Limited Liability Company Agreement of Huntsman Propylene Oxide Holdings LLC dated July 12, 2000 (incorporated by reference to Exhibit 3.8 to our registration statement on Form S-4 (File No. 333-58578))
3.13	Certificate of Formation of Huntsman EA Holdings LLC (incorporated by reference to Exhibit 3.9 to our registration statement on Form S-4 (File No. 333-58578))
3.14	Limited Liability Company Agreement of Huntsman EA Holdings LLC dated December 22, 2000 (incorporated by reference to Exhibit 3.10 to our registration statement on Form S-4 (File No. 333-58578))
3.15	Certificate of Formation of Huntsman Texas Holdings LLC (incorporated by reference to Exhibit 3.11 to our registration statement on Form S-4 (File No. 333-58578))
3.16	Limited Liability Company Agreement of Huntsman Texas Holdings LLC dated July 12, 2000 (incorporated by reference to Exhibit 3.12 to our registration statement on Form S-4 (File No. 333-58578))
3.17	Certificate of Formation of Eurofuels LLC (incorporated by reference to Exhibit 3.13 to our registration statement on Form S-4 (File No. 333-58578))
3.18	Limited Liability Company Agreement of Eurofuels LLC dated July 12, 2000 (incorporated by reference to Exhibit 3.14 to our registration statement on Form S-4 (File No. 333-58578))
3.19	Certificate of Formation of Eurostar Industries LLC (incorporated by reference to Exhibit 3.15 to our registration statement on Form S-4 (File No. 333-58578))
3.20	Limited Liability Company Agreement of Eurostar Industries LLC dated July 12, 2000 (incorporated by reference to Exhibit 3.16 to our registration statement on Form S-4 (File No. 333-58578))

3.21 Certificate of Limited Partnership of Huntsman Ethyleneamines Ltd. (incorporated by reference to Exhibit 3.17 to our registration statement on Form S-4 (File No. 333-58578))

3.22 Articles of Limited Partnership of Huntsman Ethyleneamines Ltd. dated January 5, 2001 (incorporated by reference to Exhibit 3.18 to our registration statement on Form S-4 (File No. 333-58578))

3.23 Certificate of Limited Partnership of Huntsman Propylene Oxide Ltd. (incorporated by reference to Exhibit 3.19 to our registration statement on Form S-4 (File No. 333-58578))

3.24 First Amended and Restated Articles of Limited Partnership of Huntsman Propylene Oxide Ltd. dated October 1, 2000 (incorporated by reference to Exhibit 3.20 to our registration statement on Form S-4 (File No. 333-58578))

3.25 Certificate of Limited Partnership of Huntsman International Fuels, L.P. (incorporated by reference to Exhibit 3.21 to our registration statement on Form S-4 (File No. 333-58578))

3.26 Certificate of First Amendment to Certificate of Limited Partnership of Huntsman International Fuels, L.P. (incorporated by reference to Exhibit 3.22 to our registration statement on Form S-4 (File No. 333-58578))

3.27 First Amended and Restated Articles of Limited Partnership of Huntsman International Fuels, L.P. dated October 1, 2000 (incorporated by reference to Exhibit 3.23 to our registration statement on Form S-4 (File No. 333-58578))

4.1 Indenture, dated as of June 30, 1999, among Huntsman International LLC (f/k/a Huntsman ICI Chemicals LLC), the Guarantors party thereto and Bank One, N.A., as Trustee, relating to the $10^1/8$% Senior Subordinated Notes due 2009 (incorporated by reference to Exhibit 4.1 to our registration statement on Form S-4 (File No. 333-85141))

4.2 Form of $10^1/8$% Senior Subordinated Note due 2009 denominated in dollars (included as Exhibit A-3 to Exhibit 4.1)

4.3 Form of $10^1/8$% Senior Subordinated Note due 2009 denominated in euros (included as Exhibit A-4 to Exhibit 4.1)

4.4 Form of Guarantee relating to the $10^1/8$% Senior Subordinated Notes due 2009 (included as Exhibit E of Exhibit 4.1)

4.5 First Amendment, dated January 5, 2000, to Indenture, dated as of June 30, 1999, among Huntsman International LLC (f/k/a Huntsman ICI Chemicals LLC), as Issuer, each of the Guarantors named therein and Bank One, N.A., as Trustee (incorporated by reference to Exhibit 4.6 to our registration statement on Form S-4 (File No. 333-85141))

4.6 Indenture, dated as of March 13, 2001, among Huntsman International LLC, as Issuer, the Guarantors named therein and The Bank of New York, as Trustee, relating to $10^1/8$% Senior Subordinated Notes due 2009 (incorporated by reference to Exhibit 4.6 to amendment no. 1 to our annual report on Form 10-K/A for the year ended December 31, 2001)

4.7 Form of $10^1/8$% Senior Subordinated Note due 2009 denominated in dollars (included as Exhibit A-3 to Exhibit 4.6)

4.8 Form of $10^1/8$% Senior Subordinated Note due 2009 denominated in euros (included as Exhibit A-4 to Exhibit 4.6)

4.9 Form of Guarantee relating to the $10^1/8$% Senior Subordinated Notes due 2009 (included as Exhibit E of Exhibit 4.6)

4.10 First Supplemental Indenture, dated as of January 11, 2002, among Huntsman International LLC, as Issuer, the Guarantors named therein and The Bank of New York, as Trustee, relating to $10^1/8$% Senior Subordinated Notes due 2009 (incorporated by reference to Exhibit 4.7 to amendment no. 1 to our annual report on Form 10-K/A for the year ended December 31, 2001)

4.11 Indenture, dated as of March 21, 2002, among Huntsman International LLC, as Issuer, the Guarantors named therein and Wells Fargo Bank Minnesota, National Association, as Trustee, relating to the $9^7/8$% Senior Notes due 2009 (incorporated by reference to Exhibit 4.8 to amendment no. 1 to our annual report on Form 10-K/A for the year ended December 31, 2001)

4.12	Form of $9^{7}/8$% Senior Note due 2009 denominated in dollars (included as Exhibit A-3 to Exhibit 4.11)
4.13	Form of $9^{7}/8$% Senior Note due 2009 denominated in euros (included as Exhibit A-4 to Exhibit 4.11)
4.14	Form of Guarantee relating to the $9^{7}/8$% Senior Notes due 2009 (included as Exhibit E of Exhibit 4.11)
4.15	Amended and Restated Guarantee, dated as of April 11, 2003, among the Guarantors named therein and Wells Fargo Bank Minnesota, National Association, as Trustee, relating to the $9^{7}/8$% Senior Notes due 2009 (incorporated by reference to Exhibit 4.15 to our registration statement on Form S-4 (File No. 333-106482))
4.16	Exchange and Registration Rights Agreement, dated as of March 21, 2002, among Huntsman International LLC, the Guarantors as defined therein, and the Purchasers as defined therein, relating to the $9^{7}/8$% Senior Notes due 2009 (incorporated by reference to Exhibit 4.9 to amendment no. 1 to our annual report on Form 10-K/A for the year ended December 31, 2001)
4.17	Exchange and Registration Rights Agreement, dated as of April 11, 2003, among Huntsman International LLC, the Guarantors, as defined therein, and the Purchasers as defined therein, relating to the $9^{7}/8$% Senior Notes due 2009 (incorporated by reference to Exhibit 4.17 to our registration statement on Form S-4 (File No. 333-106482))
10.1	Contribution Agreement, dated as of April 15, 1999, by and among Imperial Chemical Industries PLC, Huntsman Specialty Chemicals Corporation, Huntsman International Holdings LLC (f/k/a Huntsman ICI Holdings LLC) and Huntsman International LLC (f/k/a Huntsman ICI Chemicals LLC) as amended by the first Amending Agreement, dated June 4, 1999, the second Amending Agreement, dated June 30, 1999, and the third Amending Agreement, dated June 30, 1999 (incorporated by reference to Exhibit 10.1 to our registration statement on Form S-4 (File No. 333-85141))
10.2	Purchase and Sale Agreement (PO/MTBE Business), dated March 21, 1997, among Texaco, Texaco Chemical Inc. and Huntsman Specialty Chemicals Corporation (incorporated by reference to Exhibit 10.2 to our registration statement on Form S-4 (File No. 333-85141))
10.3	Operating and Maintenance Agreement, dated as of March 21, 1997, by and between Huntsman Specialty Chemicals Corporation and Huntsman Petrochemical Corporation (incorporated by reference to Exhibit 10.3 to our registration statement on Form S-4 (File No. 333-85141))
10.4	Credit Agreement, dated as of June 30, 1999, by and among Huntsman International LLC (f/k/a Huntsman ICI Chemicals LLC), Huntsman International Holdings LLC (f/k/a Huntsman ICI Holdings LLC), Bankers Trust Company, Goldman Sachs Credit Partners LP, The Chase Manhattan Bank, and Warburg Dillon Read and various lending institutions party thereto (incorporated by reference to Exhibit 10.4 to our registration statement on Form S-4 (File No. 333-85141))
10.5	Asset Sale Agreement, dated June 30, 1999, by and between BP Chemicals Limited and Huntsman International LLC (f/k/a Huntsman ICI Chemicals LLC) (incorporated by reference to Exhibit 10.5 to our registration statement on Form S-4 (File No. 333-85141))
10.6	First Amendment, dated as of December 21, 2000, by and among Huntsman International LLC, Huntsman International Holdings LLC, the financial institutions named therein, as Lenders, Bankers Trust Company, as Lead Arranger, Administrative Agent for the Lenders and Sole Book Manager, Goldman Sachs Credit Partners L.P., as Syndication Agent and Co-Arranger and The Chase Manhattan Bank and Warburg Dillon Read (a division of UBS AG), as Co-Arrangers and as Co-Documentation Agents, to the Credit Agreement dated as of June 30, 1999 (incorporated by reference to Exhibit 10.15 to our annual report on Form 10-K for the year ended December 31, 2000)

10.7	Second Amendment, dated as of March 5, 2001, is entered into by and among Huntsman International LLC, Huntsman International Holdings LLC, the undersigned financial institutions, including Bankers Trust Company, in their capacities as lenders hereunder, Bankers Trust Company, as Lead Arranger, Administrative Agent for the Lenders and Sole Book Manager, Goldman Sachs Credit Partners L.P., as Syndication Agent and Co-Arranger and The Chase Manhattan Bank and UBS Warburg LLC (as successor to Warburg Dillon Read), as Co-Arrangers and as Co-Documentation Agents, to the Credit Agreement dated as of June 30, 1999 (incorporated by reference to Exhibit 10.16 to our annual report on Form 10-K for the year ended December 31, 2000)
10.8	Contribution Agreement, among Huntsman International LLC, as Contributor and Originator, and Huntsman Receivables Finance LLC, as the Company, dated as of December 20, 2000 (incorporated by reference to Exhibit 10.17 to our annual report on Form 10-K for the year ended December 31, 2000)
10.9	Huntsman Master Trust Pooling Agreement, dated as of December 21, 2000, among Huntsman Receivables Finance LLC, as Company, Huntsman (Europe) BVBA, as Master Servicer, and Chase Manhattan Bank (Ireland) Plc, as Trustee (incorporated by reference to Exhibit 10.18 to our annual report on Form 10-K for the year ended December 31, 2000)
10.10	Huntsman Master Trust, Series 2000-1 Supplement, dated as of December 21, 2000, to Pooling Agreement dated as of December 21, 2000, among Huntsman Receivables Finance LLC, as Company, Huntsman (Europe), BVBA, as Master Servicer, The Chase Manhattan Bank, as Funding Agent, Park Avenue Receivables Corp., as Series 2000-1 Initial Purchaser, the several financial institutions party thereto from time to time as Series 2000-1 APA Banks, and Chase Manhattan Bank (Ireland) Plc, as Trustee (incorporated by reference to Exhibit 10.19 to our annual report on Form 10-K for the year ended December 31, 2000)
10.11	Servicing Agreement, dated as of December 21, 2000, among Huntsman Receivables Finance LLC, as the Company, Huntsman (Europe) BVBA, as Master Servicer, Tioxide Americas Inc., Huntsman ICI Holland B.V., Tioxide Europe Limited, Huntsman International LLC, Huntsman Petrochemicals (U.K.) Limited, Huntsman Propylene Oxide Ltd., Huntsman International Fuels L.P., as Local Servicers, Chase Manhattan Bank (Ireland) Plc, as Trustee, Pricewaterhousecoopers, as Liquidation Servicer, and Huntsman International LLC, as Servicer Guarantor (incorporated by reference to Exhibit 10.20 to our annual report on Form 10-K for the year ended December 31, 2000)
10.12	U.S. Receivables Purchase Agreement, Huntsman International LLC, as Purchaser, and Tioxide Americas Inc., Huntsman Propylene Oxide Ltd. and Huntsman International Fuels, L.P., each as a Seller and an Originator (incorporated by reference to Exhibit 10.21 to our annual report on Form 10-K for the year ended December 31, 2000)
10.13	Dutch Receivables Purchase Agreement, dated as of December 21, 2000, between Huntsman International LLC, as Purchaser, Huntsman ICI Holland B.V., as Originator, Huntsman ICI (Europe) B.V.B.A., as Master Servicer (incorporated by reference to Exhibit 10.22 to our annual report on Form 10-K for the year ended December 31, 2000)
10.14	U.K. Receivables Purchase Agreement, dated as of December 20, 2000, between Huntsman International LLC, as Purchaser, Tioxide Europe Limited and Huntsman Petrochemicals (U.K.) Limited, as Originators, and Huntsman (Europe) B.V.B.A., as Master Servicer (incorporated by reference to Exhibit 10.23 to our annual report on Form 10-K for the year ended December 31, 2000)
10.15	Third Amendment, dated as of November 30, 2001, by and among Huntsman International LLC, Huntsman International Holdings LLC and the various agents and lending institutions party thereto (incorporated by reference to Exhibit 10.1 to our current report on Form 8-K filed December 4, 2001)

10.16 Fourth Amendment to Credit Agreement, dated as of March 15, 2002, by and among Huntsman International LLC, Huntsman International Holdings LLC and the various agents and lending institutions party thereto (incorporated by reference to Exhibit 10.25 to amendment no. 1 to our annual report on Form 10-K/A for the year ended December 31, 2001)

10.17 Amendment Agreement, dated December 20, 2001, between Imperial Chemical Industries PLC, Huntsman Specialty Chemicals Corporation, Huntsman International Holdings LLC and Huntsman International LLC, to amend the Contribution Agreement dated as of April 15, 1999 (incorporated by reference to Exhibit 10.26 to our registration statement on Form S-4 (File No. 333-106482))

10.18 Second Amendment, dated as of October 21, 2002, between Huntsman Receivables Finance LLC, Huntsman (Europe), BVBA, and J.P. Morgan (Ireland) PLC, to Series 2000-1 Supplement, dated as of December 21, 2000 (incorporated by reference to Exhibit 10.27 to our annual report on Form 10-K for the year ended December 31, 2002)

10.19 First Amendment to Series 2001-1 Supplement, dated as of October 21, 2002, among Huntsman Receivables Finance LLC, Huntsman (Europe) BVBA and J.P. Morgan Bank (Ireland) PLC (incorporated by reference to Exhibit 10.28 to our annual report on Form 10-K for the year ended December 31, 2002)

10.20 First Amendment to Amended and Restated Pooling Agreement, dated as of October 21, 2002, among Huntsman Receivables Finance LLC, Huntsman (Europe) BVBA and J.P. Morgan Bank (Ireland) PLC (incorporated by reference to Exhibit 10.29 to our annual report on Form 10-K for the year ended December 31, 2002)

10.21 Amended and Restated Servicing Agreement, dated as of October 21, 2002, among Huntsman Receivables Finance LLC, as the Company, Huntsman (Europe) BVBA, as Master Servicer, Tioxide Americas Inc., Huntsman Holland B.V., Tioxide Europe Limited, Huntsman International LLC, Huntsman Petrochemicals (UK) Limited, Huntsman Propylene Oxide Ltd., Huntsman International Fuels L.P., Tioxide Europe SRL, Huntsman Surface Sciences Italia SRL, Huntsman Patrica S.R.L., Tioxide Europe S.L., Huntsman Surface Sciences Ibérica, S.L., Tioxide Europe SAS, Huntsman Surface Sciences (France) S.A.S., Huntsman Surface Sciences UK Ltd, Huntsman Ethyleneamines Ltd., as Local Servicers, J.P. Morgan Bank (Ireland) PLC, as Trustee, Pricewaterhousecoopers, as Liquidation Servicer, and Huntsman International LLC, as Servicer Guarantor (incorporated by reference to Exhibit 10.30 to our annual report on Form 10-K for the year ended December 31, 2002)

10.22 Amended and Restated U.S. Receivables Purchase Agreement, dated as of October 21, 2002, among Huntsman International LLC, as Purchaser, and Tioxide Americas Inc., Huntsman Propylene Oxide Ltd., Huntsman International Fuels L.P., and Huntsman Ethyleneamines Ltd., each as a Seller and an Originator (incorporated by reference to Exhibit 10.31 to our annual report on Form 10-K for the year ended December 31, 2002)

10.23 Amended and Restated UK Receivables Purchase Agreement, dated as of October 21, 2002, among Huntsman International LLC, as Purchaser, Huntsman Surface Sciences UK Limited, Tioxide Europe Limited, and Huntsman Petrochemicals (UK) Limited, as Originators, Huntsman (Europe) B.V.B.A, as Master Servicer (incorporated by reference to Exhibit 10.32 to our annual report on Form 10-K for the year ended December 31, 2002)

10.24 Fifth Amendment to Credit Agreement, dated as of February 7, 2003, among Huntsman International LLC, Huntsman International Holdings LLC and the various agents and lending institutions party thereto (incorporated by reference to Exhibit 10.33 to our annual report on Form 10-K for the year ended December 31, 2002)

10.25 Deed of Amendment to Contribution Agreement, dated as of November 27, 2002, among Imperial Chemical Industries PLC, Huntsman Specialty Chemicals Corporation, Huntsman International Holdings, LLC, and Huntsman International LLC (incorporated by reference to Exhibit 10.34 to our annual report on Form 10-K for the year ended December 31, 2002)

10.26	Sixth Amendment to Credit Agreement, dated as of April 9, 2003, among Huntsman International LLC, Huntsman International Holdings LLC and the various agents and lending institutions party thereto (incorporated by reference to Exhibit 10.1 to our quarterly report on Form 10-Q for the quarter ended March 31, 2003)
10.27	Business Consulting Agreement, dated as of June 3, 2003, between Huntsman International LLC and Jon M. Huntsman (incorporated by reference to Exhibit 10.41 to our registration statement on Form S-4 (File No. 333-106482))
10.28	Seventh Amendment to Credit Agreement, dated as of October 17, 2003, among Huntsman International LLC, Huntsman International Holdings LLC and the various agents and lending institutions party thereto (incorporated by reference to Exhibit 10.42 to our registration statement on Form S-4 (File No. 333-106482))
14.1*	Financial Code of Ethics (incorporated by reference to Exhibit 14.1 to our annual report on Form 10-K for the year ended December 31, 2003)
21.1*	Subsidiaries of Huntsman International LLC (incorporated by reference to Exhibit 21.1 to our annual report on Form 10-K for the year ended December 31, 2003)
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**	Certifications of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certifications of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed previously.

** Filed herewith.

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Exhibit 31.1

CERTIFICATION

I, Peter R. Huntsman, certify that:

1. I have reviewed this amendment no. 1 to the annual report on Form 10-K/A of Huntsman International LLC for the year ended December 31, 2003;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of and for the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 23, 2004

/s/ PETER R. HUNTSMAN

Peter R. Huntsman
Chief Executive Officer

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[Exhibit 31.1](#)

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Exhibit 31.2

CERTIFICATION

I, J. Kimo Esplin, certify that:

1. I have reviewed this amendment no. 1 to the annual report on Form 10-K/A of Huntsman International LLC for the year ended December 31, 2003;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of and for the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 23, 2004

/s/ J. KIMO ESPLIN

J. Kimo Esplin
Chief Financial Officer

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Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with amendment no. 1 to the annual report on Form 10-K/A of Huntsman International LLC (the "Company") for the year ended December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter R. Huntsman, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ PETER. R. HUNTSMAN

Peter R. Huntsman
Chief Executive Officer
November 23, 2004

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Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with amendment no. 1 to the annual report on Form 10-K/A of Huntsman International LLC (the "Company") for the year ended December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. Kimo Esplin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ J. KIMO ESPLIN

J. Kimo Esplin
Chief Financial Officer
November 23, 2004

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Exhibit 32.2