

Huntsman CORP  
 Form 424B7  
 August 06, 2007

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)  
[TABLE OF CONTENTS](#)

Filed Pursuant to Rule 424(b)(7)  
 (File No. 333-144989)

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered</b>	<b>Proposed Maximum Offering Price Per Share(1)</b>	<b>Proposed Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee</b>
Common Stock, \$0.01 par value per share	56,979,062	\$25.00	\$1,424,476,550	\$43,732

(1) Calculated in accordance with Rule 457(c) based on the average of the high and low prices for the common stock of the registrant, as reported on the New York Stock Exchange on August 1, 2007.

**PROSPECTUS SUPPLEMENT**  
 (to Prospectus dated July 31, 2007)

**HUNTSMAN CORPORATION**

**56,979,062 Shares of Common Stock**

All of the shares of common stock in this offering are being sold by MatlinPatterson Global Opportunities Partners L.P., MatlinPatterson Global Opportunities Partners B, L.P. and MatlinPatterson Global Opportunities Partners (Bermuda) L.P., referred to in this prospectus supplement collectively as the "selling stockholders."

Our common stock is quoted on the New York Stock Exchange under the symbol "HUN." On August 2, 2007, the closing price of our common stock on the New York Stock Exchange was \$25.45 per share.

**Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 17 of the accompanying prospectus and those contained in our incorporated documents (see "Incorporation of Certain Information by Reference" in the accompanying prospectus) for a discussion of certain matters that you should consider before buying shares of our common stock.**

The underwriter will purchase our common stock from the selling stockholders at a price of \$24.25 per share, resulting in aggregate proceeds, before expenses, of \$1,381,742,254 to the selling stockholders. The shares may be offered by the underwriter from time to time to purchasers directly or through agents, or through brokers in brokerage transactions on the New York Stock Exchange, or to dealers in negotiated transactions or in a combination of such methods of sale, at a fixed price or prices, which may be changed, or at market prices prevailing at the

Edgar Filing: Huntsman CORP - Form 424B7

time of sale, at prices related to such prevailing market prices or at negotiated prices. See "Underwriting."

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

The underwriter expects to deliver the shares against payment in New York, New York on August 6, 2007.

---

**Credit Suisse**

The date of this prospectus supplement is August 2, 2007

---

## TABLE OF CONTENTS

## Prospectus Supplement

	<u>Page</u>
<u>About this Prospectus Supplement</u>	S-3
<u>Summary</u>	S-4
<u>Use of Proceeds</u>	S-5
<u>Selling Stockholders</u>	S-5
<u>Underwriting</u>	S-7
<u>Legal Matters</u>	S-8

## Prospectus

	<u>Page</u>
About this Prospectus	2
Available Information	3
Incorporation of Certain Information By Reference	3
Summary	5
Risk Factors	17
Special Note Regarding Forward-Looking Statements	22
Unaudited Pro Forma Financial Data	23
Use of Proceeds	32
Description of Capital Stock	32
Selling Stockholders	34
Plan of Distribution	36
Legal Matters	38
Experts	38

**You should rely only on the information contained in this prospectus supplement and the accompanying prospectus, including the information incorporated by reference herein as described under "Incorporation of Certain Information by Reference," or any free writing prospectus that we prepare and distribute. Neither we nor any selling stockholder have authorized anyone to provide you with information different from that contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus or any such free writing prospectus. This prospectus supplement, the accompanying prospectus and any such free writing prospectus may be used only for the purposes for which they have been published, and no person has been authorized to give any information not contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus or any such free writing prospectus. If you receive any other information, you should not rely on it. The information contained in this prospectus supplement is accurate only as of the date on the front cover of this prospectus supplement, the information incorporated by reference into this prospectus supplement is accurate only as of the date of the document incorporated by reference and the information contained in the accompanying prospectus is accurate only as of the date on the cover page of the prospectus. Any statement made in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference in this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference in this prospectus supplement modifies or supersedes that statement. Any statement so modified or superseded will be deemed to constitute a part of this prospectus supplement only to the extent so modified or superseded. See "Incorporation of Certain Information By Reference." Neither we nor any selling stockholder are making an offer of these securities in any jurisdiction where the offer is not permitted.**

**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the offering of our common stock and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information. If information varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. You should read both this prospectus supplement and the accompanying prospectus together with the additional information described under "Incorporation of Certain Information by Reference" in the accompanying prospectus.

S-3

---

**SUMMARY**

**Our Company**

We are among the world's largest global manufacturers of differentiated chemical products; we also manufacture inorganic and commodity chemical products. Our products comprise a broad range of chemicals and formulations, which we market in more than 100 countries to a diversified group of consumer and industrial customers. Our products are used in a wide range of applications, including those in the adhesives, aerospace, automotive, construction products, durable and non-durable consumer products, electronics, medical, packaging, paints and coatings, power generation, refining, synthetic fiber, textile chemicals and dye industries. We are a leading global producer in many of our key product lines, including MDI, amines, surfactants, epoxy-based polymer formulations, textile chemicals, dyes, maleic anhydride and titanium dioxide. Our administrative, research and development and manufacturing operations are primarily conducted at the 75 facilities that we own or lease. Our facilities are located in 24 countries and we employ approximately 15,000 associates worldwide. Our businesses benefit from large production scale in certain products and proprietary manufacturing technologies, which allow us to maintain a low-cost position.

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

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

**The Offering**

Common Stock Offered by the Selling Stockholders	56,979,062 shares of our common stock.
Use of Proceeds	We will not receive any proceeds from the sale of the common stock offered by this prospectus supplement.
New York Stock Exchange Symbol	HUN
Risk Factors	See "Risk Factors" beginning on page 17 of the accompanying prospectus.

S-4

---

**USE OF PROCEEDS**

We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders.

**SELLING STOCKHOLDERS**

We have filed this prospectus supplement in order to permit the persons named below, who are beneficiaries of HMP Equity Trust (our largest stockholder) and who are referred to in this prospectus supplement as the "selling stockholders," to sell an aggregate of 56,979,062 shares of our common stock which they beneficially own through their interest in, and which are being transferred to them by, HMP Equity Trust.

The following table, to our knowledge, sets forth information regarding the beneficial ownership of our common stock by the selling stockholders as of the date of this prospectus supplement, the number of shares being offered hereby by the selling stockholders and the number of shares to be beneficially owned by the selling stockholders following completion of this offering. For purposes of the following description, the term "selling stockholders" includes pledgees, donees, permitted transferees or other permitted successors-in-interest selling shares received directly or indirectly from the beneficiaries of HMP Equity Trust listed in the table below after the date of this prospectus supplement. The information is based on information provided by or on behalf of the selling stockholders. Beneficial ownership is determined in accordance with the rules of the SEC, and includes voting or investment power with respect to shares of common stock. The inclusion of any shares in this table does not constitute an admission of beneficial ownership by the selling stockholders. We will not receive any of the proceeds from the sale of our common stock by the selling stockholders.

Selling Stockholder	Shares Beneficially Owned Prior to Offering(1)		Shares Being Offered	Shares Beneficially Owned After Offering(1)	
	Number	Percent(2)		Number	Percent(2)
MatlinPatterson Global Opportunities Partners L.P.	104,814,387	47.2%	41,520,873	47,835,325	21.6%
MatlinPatterson Global Opportunities Partners B, L.P.	104,814,387	47.2%	989,687	47,835,325	21.6%
MatlinPatterson Global Opportunities Partners (Bermuda) L.P.	104,814,387	47.2%	14,468,502	47,835,325	21.6%

- (1) Each of MatlinPatterson Global Opportunities Partners L.P., MatlinPatterson Global Opportunities Partners B, L.P. and MatlinPatterson Global Opportunities Partners (Bermuda) L.P. (collectively, the "Matlin Partnerships") are beneficiaries of HMP Equity Trust, the direct owner of 104,814,387 shares of our common stock prior to this offering. The Matlin Partnerships are controlled by David J. Matlin and Mark R. Patterson through MatlinPatterson Global Advisers LLC, MatlinPatterson Asset Management LLC, MatlinPatterson Global Partners LLC and MatlinPatterson LLC (collectively, the "Matlin Parties"). Huntsman Family Holdings Company LLC, an entity controlled by Jon M. Huntsman, is the other beneficiary of HMP Equity Trust. The terms of the agreement governing HMP Equity Trust permit the Matlin Partnerships to sell 76,849,062 shares of our common stock (or approximately 34.6% of our outstanding common stock) prior to the completion of the Merger. Such stockholders have the right to dispose of such shares, subject to a requirement in the applicable voting agreement that such stockholders retain in HMP Equity Trust at least 19,870,000 shares through the closing of the Merger. After the sale of the 56,979,062 shares of common stock offered hereby, such 19,870,000 shares remain in HMP Equity Trust. Such 19,870,000 shares may be sold if we agree that certain criteria are satisfied or if the new owner grants all voting rights with respect to the purchased shares to HMP Equity Trust or to Jon M. Huntsman. Jon M. Huntsman, Peter R. Huntsman, Christopher R. Pechock and David J. Matlin

## Edgar Filing: Huntsman CORP - Form 424B7

share voting control of the shares of our common stock held by HMP Equity Trust. Specifically, Jon M. Huntsman and Peter R. Huntsman control the voting of the shares of our common stock held directly by HMP Equity Trust, provided that the shares will not be voted in favor of certain fundamental corporate actions (including the Merger) without the consent of the Matlin Partnerships, through its representatives David J. Matlin and Christopher R. Pechock. David J. Matlin, Mark R. Patterson, Christopher R. Pechock, the Matlin Partnerships and the other Matlin Parties disclaim beneficial ownership of all of the shares held by HMP Equity Trust that are allocated to the beneficial interest of Huntsman Family Holdings Company LLC. The address of each selling stockholder is c/o MatlinPatterson Global Advisers LLC, 520 Madison Avenue, New York, New York 10022.

(2)

Percentages are based on 221,913,556 shares of common stock issued and outstanding as of June 25, 2007.

S-6

---

## UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated August 2, 2007, among us, the selling stockholders and Credit Suisse Securities (USA) LLC, the selling stockholders have agreed to sell to the underwriter all of the shares of common stock offered by this prospectus.

The underwriting agreement provides that the underwriter is obligated to purchase all the shares of common stock in the offering if any are purchased, upon the satisfaction of the conditions contained in the underwriting agreement.

The shares of common stock may be offered by the underwriter from time to time to purchasers directly or through agents, or through brokers in brokerage transactions on the New York Stock Exchange, or to dealers in negotiated transactions or in a combination of such methods of sale, at prices related to prevailing market prices or at negotiated prices.

The difference between the price at which the underwriter purchases shares from the selling stockholders and the price at which the underwriter resells such shares, which may include a commission equivalent of up to \$0.05 per share, may be deemed underwriting compensation.

We estimate that the total expenses of this offering will be approximately \$900,000, which includes legal, accounting and printing costs and various other fees associated with registering the common stock. The selling stockholders have agreed to reimburse us for approximately \$79,521 of these expenses.

We have agreed for a period of 60 days from the date of this prospectus supplement not to offer, sell, contract to sell or otherwise dispose of, except as provided hereunder, any common stock, securities that are substantially similar to the common stock, including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock or any such substantially similar securities, other than (A) any shares of common stock that are issued in respect of securities that, pursuant to their terms or pursuant to arrangements between us or our subsidiaries and the holders thereof, are convertible into or exercisable or exchangeable for shares of common stock, (B) any shares of common stock issued or options to purchase common stock or other common stock-based awards granted pursuant to any stock incentive plan, stock ownership plan or dividend reinvestment plan, (C) any shares of capital stock or securities convertible into or exercisable or exchangeable for such capital stock (collectively, "acquisition securities") as payment of any part of the purchase price for the acquisition by us of a business or assets; or (D) the filing of any registration statement with the Securities and Exchange Commission (i) in compliance with the request of any person who has the right to require us to file a registration statement, (ii) on Form S-8 (or any successor form) with respect to any stock incentive plan, stock ownership plan or dividend reinvestment plan or (iii) on Form S-4 (or any successor form) solely with respect to acquisition securities.

The selling stockholders have agreed for a period of 60 days following the date of this prospectus supplement not to offer, sell, hedge, swap, contract to sell or transfer the economic consequences of ownership of or otherwise dispose of, directly or indirectly (except with the consent of the underwriter, not to be unreasonably withheld), any of our common stock or securities that are substantially similar to our common stock, including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, our common stock or any such substantially similar securities.

We and the selling stockholders have agreed to indemnify the underwriter against liabilities under the Securities Act, or contribute to payments that the underwriter may be required to make in that respect.

The shares of common stock are listed on The New York Stock Exchange, under the symbol "HUN".

## Edgar Filing: Huntsman CORP - Form 424B7

In connection with the offering the underwriter may engage in stabilizing transactions, over-allotment transactions and syndicate covering transactions in accordance with Regulation M under the Securities Exchange Act of 1934 (the "Exchange Act").

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

Over-allotment involves sales by the underwriter of shares in excess of the number of shares the underwriter is obligated to purchase, which creates a syndicate short position.

Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions.

These stabilizing transactions and syndicate covering transactions may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on The New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

A prospectus in electronic format may be made available on the web sites maintained by the underwriter, or selling group members, if any, participating in this offering and the underwriter participating in this offering may distribute prospectuses electronically. The underwriter may agree to allocate a number of shares to selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriter and selling group members that will make internet distributions on the same basis as other allocations.

Credit Suisse Securities (USA) LLC ("CS Securities") and its affiliates have in the past and may in the future perform various financial advisory, investment banking and other services for us and the selling stockholders, our and the selling stockholders' respective affiliates and our and the selling stockholders' respective officers and directors in the ordinary course of business, for which they have received or will receive customary fees.

CS Securities or its affiliates (i) may own or hold directly or indirectly shares of our common stock, (ii) has a limited partnership interest in the selling stockholders, (iii) served as a joint book-runner and underwriter in the initial public offering of our common stock in February 2005 and in the offering of our mandatory convertible preferred stock and as a joint book-runner and initial purchaser in the offerings of our 7<sup>7</sup>/<sub>8</sub>% senior subordinated notes due 2014 and 6<sup>7</sup>/<sub>8</sub>% senior subordinated notes due 2013, (iv) is acting as financial advisor, and has committed to provide financing, to Hexion Specialty Chemicals, Inc., a New Jersey corporation ("Hexion"), in connection with its proposed acquisition of us pursuant to the Agreement and Plan of Merger dated as of July 12, 2007, among Hexion, Nimbus Merger Sub Inc., a Delaware corporation, and us, (v) served as a joint lead arranger, joint bookrunner and syndication agent and is a lender under Hexion's second amended and restated credit agreement, (vi) served as a joint book runner and co-syndication agent and is a lender under Huntsman International LLC's credit agreement and (vii) has a limited partnership interest in funds managed by Apollo Management, L.P.

### LEGAL MATTERS

The validity of the common stock offered in this prospectus will be passed upon for us by Stoel Rives LLP, Salt Lake City, Utah. Certain matters in connection with the offering have been passed upon for us by Vinson & Elkins L.L.P., Houston, Texas. The underwriter has been represented by Cravath, Swaine & Moore LLP, New York, New York. The selling stockholders have been represented by Whalen LLP, Costa Mesa, California, and Davis Polk & Wardwell, New York, New York.

**PROSPECTUS**

**HUNTSMAN CORPORATION**

**Common Stock**

Certain selling stockholders may offer and sell shares of our common stock from time to time in amounts, at prices and on terms that will be determined at the time of any such offering. Each time any common stock is offered pursuant to this prospectus, we will provide a prospectus supplement and attach it to this prospectus. The prospectus supplement will contain more specific information about the offering, including the name of each selling stockholder and the number of shares of our common stock to be sold by such selling stockholder. The prospectus supplement may also add, update or change information contained in this prospectus. This prospectus may not be used to offer or sell securities without a prospectus supplement describing the method and terms of the offering. Any such offer or sale may be at fixed prices, at prevailing market prices or at negotiated prices, and the selling stockholders may engage a broker, dealer or underwriter to sell the shares. For additional information on the possible methods of offering that may be used by the selling stockholders, you should refer to the section entitled "Plan of Distribution" on page 36 of this prospectus.

We will not receive any proceeds from the sale of the shares of common stock by the selling stockholders.

**Investing in our common stock involves a high degree of risk. See "Risk Factors" on page 17 for a discussion of certain matters that you should consider before buying shares of our common stock.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is July 31, 2007

---

You should rely only on the information contained in this prospectus and the accompanying prospectus supplement, including the information incorporated by reference herein as described under "Incorporation of Certain Information by Reference," or any free writing prospectus that we prepare and distribute. Neither we nor any selling stockholder have authorized anyone to provide you with information different from that contained in or incorporated by reference into this prospectus and the accompanying prospectus supplement or any such free writing prospectus. This prospectus, the accompanying prospectus supplement and any such free writing prospectus may be used only for the purposes for which they have been published, and no person has been authorized to give any information not contained in or incorporated by reference into this prospectus and the accompanying prospectus supplement or any such free writing prospectus. If you receive any other information, you should not rely on it. The information contained in this prospectus is accurate only as of the date on the cover page of this prospectus, the information incorporated by reference into this prospectus is accurate only as of the date of the document incorporated by reference and the information contained in the accompanying prospectus supplement is accurate only as of the date on the front cover of the prospectus supplement. Any statement made in this prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference in this prospectus modifies or supersedes that statement. Any statement so modified or superseded will be deemed to constitute a part of this prospectus only to the extent so modified or superseded. See "Incorporation of Certain Information By Reference." Neither we nor any selling stockholder are making an offer of these securities in any jurisdiction where the offer is not permitted.

## TABLE OF CONTENTS

	<u>Page</u>
<u>About this Prospectus</u>	2
<u>Available Information</u>	3
<u>Incorporation of Certain Information By Reference</u>	3
<u>Summary</u>	5
<u>Risk Factors</u>	17
<u>Special Note Regarding Forward-Looking Statements</u>	22
<u>Unaudited Pro Forma Financial Data</u>	23
<u>Use of Proceeds</u>	32
<u>Description of Capital Stock</u>	32
<u>Selling Stockholders</u>	34
<u>Plan of Distribution</u>	36
<u>Legal Matters</u>	38
<u>Experts</u>	38

## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or SEC, using a "shelf" registration process. Pursuant to this shelf process, one or more of the selling stockholders named under the heading "Selling Stockholders" may sell the securities described in this prospectus from time to time in one or more offerings. Each time the selling stockholders sell securities, we will provide a prospectus supplement along with this prospectus that will contain specific information about the terms of the offering. The accompanying prospectus supplement may also add, update or change information contained in this prospectus. If information varies between this prospectus and the accompanying prospectus supplement, you should rely on the information in the accompanying prospectus supplement. This prospectus, the accompanying prospectus supplement and the documents incorporated by reference herein include important information about us, the common stock being offered and other information you should know before investing. You should read both this

prospectus and the accompanying prospectus supplement together with the additional information about us described in the sections below entitled "Available Information" and "Incorporation of Certain Information by Reference."

#### AVAILABLE INFORMATION

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

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

inspect a copy of the registration statement, including the exhibits and schedules, without charge at the SEC's Public Reference Room;

obtain a copy from the SEC upon payment of the fees prescribed by the SEC; or

obtain a copy from the SEC website.

Our Internet address is [www.huntsman.com](http://www.huntsman.com). Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports are also available to you free of charge through the "Investor Relations" section of our website as soon as reasonably practicable after those materials have been electronically filed with, or furnished to, the SEC. Other than the documents filed with the SEC and incorporated by reference into this prospectus, the information contained on our website does not constitute a part of this prospectus.

#### INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

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

Our Annual Report on Form 10-K for the year ended December 31, 2006 (filing date March 1, 2007; File No. 001-32427);

## Edgar Filing: Huntsman CORP - Form 424B7

Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 (filing date May 7, 2007: File No. 001-32427);

The portions of our definitive proxy statement on Schedule 14A that are deemed "filed" with the SEC under the Exchange Act (filing date March 30, 2007: File No. 001-32427);

Our Current Reports on Form 8-K filed on July 7, 2006 (as amended on Form 8-K/A filed on September 15, 2006 and as updated by the combined financial statements of the Textile Effects Business of Ciba Specialty Chemicals Holding Inc. attached as Exhibit 99.1 to our Form S-3 Registration Statement filed with the SEC on June 26, 2007 (File No. 333-144043)), January 5, 2007, February 15, 2007 (except Item 2.02 and any other portions thereof that are not deemed "filed" with the SEC under the Exchange Act), February 20, 2007, February 21, 2007, February 28, 2007, April 24, 2007, June 25, 2007, June 26, 2007, June 27, 2007, July 5, 2007, July 12, 2007 and July 13, 2007; and

The description of our common stock and our mandatory convertible preferred stock contained in our registration statement on Form 8-A, including any amendment or report filed for the purpose of updating such description (filing date February 9, 2005: File No. 001-32427).

In addition, all documents filed by us pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act on or after the date of this prospectus and before the termination of offerings under this prospectus are deemed to be incorporated by reference into, and to be a part of, this prospectus (other than, in each case, documents or information therein deemed to have been furnished and not filed in accordance with SEC rules).

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

Huntsman Corporation  
500 Huntsman Way  
Salt Lake City, Utah 84108  
Attn: Investor Relations  
(801) 584-5860

## SUMMARY

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

*Unless the context otherwise requires, references in this prospectus to our "Company," "we," "us" or "our" refer to Huntsman Corporation, together with its subsidiaries.*

### **Our Company**

We are among the world's largest global manufacturers of differentiated chemical products; we also manufacture inorganic and commodity chemical products. Our products comprise a broad range of chemicals and formulations, which we market in more than 100 countries to a diversified group of consumer and industrial customers. Our products are used in a wide range of applications, including those in the adhesives, aerospace, automotive, construction products, durable and non-durable consumer products, electronics, medical, packaging, paints and coatings, power generation, refining, synthetic fiber, textile chemicals and dye industries. We are a leading global producer in many of our key product lines, including MDI, amines, surfactants, epoxy-based polymer formulations, textile chemicals, dyes, maleic anhydride and titanium dioxide. Our administrative, research and development and manufacturing operations are primarily conducted at the 75 facilities that we own or lease. Our facilities are located in 24 countries and we employ approximately 15,000 associates worldwide. Our businesses benefit from large production scale in certain products and proprietary manufacturing technologies, which allow us to maintain a low-cost position.

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

Our principal executive offices are located at 500 Huntsman Way, Salt Lake City, Utah 84108, and our telephone number at that location is (801) 584-5700. Our common stock is listed on the New York Stock Exchange under the symbol "HUN."

### **Recent Developments**

#### **Pending Sale of Our Company**

On July 12, 2007, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Hexion Specialty Chemicals, Inc., an entity owned by an affiliate of Apollo Management L.P. ("Hexion"), and Nimbus Merger Sub Inc., a wholly-owned subsidiary of Hexion ("Merger Sub"), under which Hexion has agreed to acquire all of the issued and outstanding shares of our common stock pursuant to a merger under Delaware law. Under the terms of the Merger Agreement, Merger Sub will be merged with and into our company, with our company continuing as the surviving corporation and as a wholly-owned subsidiary of Hexion (the "Merger").

If the Merger is completed, each share of our common stock that our stockholders own at the effective time of the Merger (unless the stockholder properly exercises appraisal rights under Delaware law) will be cancelled and converted into the right to receive, without interest, \$28.00 in cash, plus, if the Merger is not consummated by April 5, 2008 (the "Adjustment Date"), an amount in cash equal to the excess, if any, of \$0.006137 per day for each day after the Adjustment Date through and including the date on which the Merger is effected over any cash dividends or distributions declared, made or paid from and after the Adjustment Date through and including the date on which the Merger is

effected (the "Merger Consideration"), less any applicable withholding taxes. After the Merger is completed, any shares of our common stock owned by our stockholders immediately prior to the effective time of the Merger and converted in the Merger will thereafter represent only the right to receive the Merger Consideration (or the right to the fair value of such shares if appraisal is properly demanded and perfected) and they will no longer have any rights as a stockholder.

Prior to entering into the Merger Agreement, we terminated an Agreement and Plan of Merger (the "Basell Agreement") dated as of June 26, 2007 with Basell AF ("Basell") and paid Basell the \$200 million termination fee required under the terms of the Basell Agreement. One-half of the termination fee was funded by Hexion and we could be required to pay Hexion such amount under certain circumstances in connection with a termination of the Merger Agreement. The closing price of our common stock on June 25, 2007, the last trading day prior to announcement of the execution of the Basell Agreement on June 26, 2007, was \$18.90 per share.

After receiving a buyout offer from a prominent private equity fund on May 15, 2007, our board of directors formed a transaction committee comprised solely of independent directors and authorized management to engage a financial advisor to assist in conducting an appropriate process for the board of directors to evaluate and respond to the buyout offer. We engaged Merrill, Lynch & Co. ("Merrill Lynch") and invited them to contact a select list of parties that were likely to have an interest in an acquisition of our company. During the following two weeks, Merrill Lynch contacted numerous parties regarding a potential sale of our Company. Ultimately we received three written proposals, including from Apollo Management L.P., on behalf of Hexion, and from Basell. On June 25, 2007, after significant negotiations with Apollo and Basell, we entered into the Basell Agreement providing for the acquisition of all outstanding shares of our common stock at a price of \$25.25 per share and made a public announcement setting forth the principal terms of the Basell Agreement. On June 29, 2007, Apollo delivered a letter to our board of directors offering to enter into a merger agreement providing for the acquisition of all outstanding shares of our common stock at a price of \$27.25 per share. On July 12, 2007, more than a week after public announcement of the new offer by Apollo, we terminated the Basell Agreement, entered into the Merger Agreement with Hexion and publicly announced the principal terms of the Merger Agreement, including the acquisition price of \$28.00 per share of our common stock. Since our announcement of the proposed sale of the Company to Basell more than a month ago, we have not received any competing proposals from any parties other than the offer from Hexion which we accepted and announced on July 12, 2007. Under the terms of the Merger Agreement with Hexion we are not permitted to, among other things and subject to certain specified exceptions where our board of directors makes certain determinations, (i) initiate, solicit or knowingly encourage or facilitate any inquiries, proposals or offers that constitute, or could reasonably be expected to lead to, a competing proposal, (ii) enter into, participate or engage in discussions or negotiations with third parties regarding any inquiries, proposals or offers that constitute, or could reasonably be expected to lead to, a competing proposal, or (iii) furnish or provide any non-public information to any third parties with respect to, any inquiries, proposals or offers that constitute, or could reasonably be expected to lead to, a competing proposal.

Consummation of the Merger is not subject to a financing condition, but is subject to various other conditions. We and Hexion are required to complete the Merger unless certain specified conditions are not satisfied or waived. These conditions include, among others (i) adoption of the Merger Agreement by the holders of a majority of our outstanding shares of common stock, (ii) receipt of certain regulatory approvals or expiration of required waiting periods under U.S. and other competition laws, and (iii) no material adverse effect occurring with respect to us or our business prior to the effective time of the Merger. There can be no assurance the conditions to consummation of the Merger will be satisfied or waived. For a complete list of the conditions that must be satisfied or waived prior to the effective time of the Merger, please review the Merger Agreement filed as an exhibit to our Current Report on Form 8-K on July 13, 2007, which is incorporated by reference in this prospectus.

## Edgar Filing: Huntsman CORP - Form 424B7

For the purposes of the Merger Agreement, a "material adverse effect" with respect to us means any occurrence, condition, change, event or effect that is materially adverse to the financial condition, business, or results of operations of our Company and its subsidiaries, taken as a whole, subject to certain specified exceptions relating to or resulting from:

changes in general economic or financial market conditions or in the chemical industry generally (including changes in commodity prices, general market prices and regulatory changes affecting the chemical industry generally), except and only to the extent that such change has had a disproportionate effect on the Company and its subsidiaries compared to other persons engaged in the chemical industry;

the outbreak or escalation of hostilities involving the United States, the declaration by the United States of war or the occurrence of any natural disasters and acts of terrorism, except in the event, and only to the extent, of any damage or destruction to or loss of our physical properties;

the announcement or pendency of the Merger;

any change in GAAP, or in the interpretation thereof, or any change in law, or in the interpretation thereof;

compliance by us with the terms of the Merger Agreement or actions permitted by the Merger Agreement (or otherwise consented to by Hexion) or effectuating Hexion's debt financing; or

any divestiture action taken to ensure regulatory clearance.

The Merger Agreement provides that Hexion will have up to nine months (and an additional three months at Hexion's election), plus under certain circumstances a further 90-day extension, to close the Merger. The Merger Agreement generally can be terminated by either party if the Merger is not consummated within that time. We cannot predict the exact timing of the effective time of the Merger or whether the Merger will be consummated because it is subject to certain conditions which are not within our control, such as expiration of waiting periods or grants of approvals under competition laws in certain jurisdictions, including the United States and the European Union. We do not expect the Merger to occur prior to the end of the 2007 calendar year.

The Merger Agreement also contains certain termination rights, including if our board of directors or a committee thereof changes its recommendation to our stockholders in connection with a superior proposal (as defined in the Merger Agreement), and provides for break-up fees in various circumstances. Pursuant to the Merger Agreement, we have agreed to pay Hexion a fee of \$225 million plus an amount equal to \$100 million (the "Reimbursement Amount"), representing the portion of the \$200 million termination fee paid to Basell that was funded by Hexion, if we or Hexion terminates the Merger Agreement in certain circumstances, including where (i) our board of directors or the transaction committee thereof has withdrawn, modified or changed, in any manner that is adverse to Hexion, its approval or recommendation that holders of our common stock approve and adopt the Merger Agreement and the Merger; (ii) a tender or exchange offer that would constitute a competing proposal (as defined in the Merger Agreement) is commenced and our board of directors or the transaction committee thereof fails to recommend against acceptance of such tender or exchange offer within 10 business days; or (iii) we, our board of directors or the transaction committee thereof has approved or recommended any competing proposal or approves any agreement relating to any competing proposal (other than a permitted confidentiality agreement).

We have also agreed that if either we or Hexion terminates the Merger Agreement after failure of our common stockholders to adopt the Merger Agreement and, within 12 months after the date of the stockholders' meeting, we enter into a definitive agreement with respect to or consummate a competing

proposal, then we have agreed to pay Hexion at the closing or other consummation of such competing proposal:

the Reimbursement Amount if, at the time of the meeting, less than 50.1% of the total issued and outstanding voting power of our common stock is contractually committed to vote in favor of the adoption of the Merger Agreement; or

a fee of \$225 million plus the Reimbursement Amount if, at the time of the meeting, there existed a publicly announced bona fide competing proposal that was not withdrawn at least five business days prior to the date of the meeting.

Hexion has agreed in the Merger Agreement to pay us a fee of \$325 million if:

(i) either we or Hexion terminate the Merger Agreement because a governmental agency has issued a final non-appealable order, decree, ruling or injunction or taken any other action permanently restraining, enjoining or otherwise prohibiting the consummation of the Merger or any law or regulation is adopted that makes consummation of the Merger illegal or otherwise prohibited and (ii) at the same time there exists an order, decision, judgment, decree, ruling, injunction (preliminary or permanent), or any law, rule, regulation or other action is established preliminarily or permanently restraining, enjoining or prohibiting the consummation of the Merger (each event in clause (ii) being an "Antitrust Prohibition");

either we or Hexion terminate the Merger Agreement because the Merger has not been consummated by the termination date and the condition to consummation of the Merger related to the receipt of regulatory approvals has not been met or there exists an Antitrust Prohibition;

we terminate the Merger Agreement due to a breach by Hexion or Merger Sub of their covenants related to making filings and seeking and obtaining approval of regulatory authorities or their covenants related to obtaining the required financing; or

we terminate the Merger Agreement because Hexion fails to consummate the Merger when all of the conditions to its obligations to close have been satisfied or waived (except those conditions that, by their nature, can only be satisfied at closing) and the Merger has not been consummated on or prior to the termination date.

We and Hexion have agreed that the non-terminating party will pay to the terminating party the Reimbursement Amount if the Merger Agreement is terminated by either party as a result of a willful or intentional breach by the other party. In addition, no termination of the Merger Agreement will relieve any party from liability for damages for a knowing and intentional breach of any covenant under the Merger Agreement.

In connection with the execution of the Merger Agreement, Hexion entered into separate voting agreements (the "Voting Agreements") with certain stockholders, including the stockholders referenced under the heading "Selling Stockholders," the Huntsman family and the Fidelity Charitable Gift Fund, who at the time of signing collectively owned approximately 57% of our outstanding common stock. Pursuant to the terms of the Voting Agreements the stockholders that are a party thereto have agreed to vote the shares of common stock that they hold as of the record date for any vote in favor of the adoption of the Merger Agreement and against any competing proposal. The Voting Agreement binding the stockholders referenced under the heading "Selling Stockholders" requires such stockholders to retain in HMP Equity Trust at least 19,870,000 shares (or 9.0% of our outstanding common stock) of the common stock beneficially owned by them through the closing of the Merger. Such 19,870,000 shares may be sold if we agree that certain criteria are satisfied or if the new owner grants all voting rights with respect to the purchased shares to HMP Equity Trust or to Jon M. Huntsman. Accordingly, a sale of shares by such stockholders pursuant to this prospectus could result

in less than a majority of our shares of outstanding common stock being subject to the Voting Agreements.

The foregoing summary of the Merger Agreement, the transactions contemplated thereby and the Voting Agreements does not purport to be complete and is subject to, and qualified in its entirety by reference to, the full text of the Merger Agreement and the Voting Agreements, which are incorporated herein by reference and included as exhibits to the registration statement of which this prospectus is part.

### **Sale of U.S. Base Chemicals and Polymers Business**

On June 22, 2007, our subsidiary, Huntsman International LLC and certain of its subsidiaries (collectively, "Huntsman International"), entered into an Amended and Restated Asset Purchase Agreement (the "Amended Agreement") with Flint Hills Resources, LP and Flint Hills Resources, LLC, each a wholly-owned subsidiary of Koch Industries (collectively, "Flint Hills"), providing for the sale of the assets of our U.S. base chemicals and polymers businesses to Flint Hills (the "Pending U.S. Petrochemical Disposition"). The Amended Agreement amends certain terms of the Asset Purchase Agreement, dated February 15, 2007 (the "Original Agreement"), between Huntsman International and Flint Hills to, among other things, provide that the closing of the sale of our U.S. polymers business will occur on or about August 1, 2007, for approximately \$150 million of the total sale price plus the value of associated inventory, subject to certain adjustments. The Amended Agreement also provides for the separate closing of the sale of our U.S. base chemicals business for the remaining \$306 million of the total sale price plus the value of associated inventory, following the re-start of our Port Arthur, Texas olefins manufacturing facility, which was shut down following a fire on April 29, 2006. For more information see "Note 22. Casualty Losses and Insurance Recoveries - Port Arthur, Texas Plant Fire" to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2006, which is incorporated herein by reference. Under the terms of the Amended Agreement, if the sale of our U.S. base chemicals business is not consummated by June 30, 2008, Flint Hills may terminate the agreement. We will retain other elements of working capital, including accounts receivable, accounts payable and certain accrued liabilities, which will be liquidated for cash in the ordinary course of business following the closing. Completion of the sale of our U.S. base chemicals business is not a condition to the consummation of the Merger.

This transaction includes our manufacturing assets located at five U.S. sites: Port Arthur, Odessa and Longview, Texas; Peru, Illinois; and Marysville, Michigan. The business employs about 900 associates.

For additional information, see "Unaudited Pro Forma Financial Data" included elsewhere in this prospectus.

The foregoing does not constitute a complete summary of the terms of the Amended Agreement and is qualified in its entirety by reference to such agreement, a copy of which is filed as an exhibit to our Current Report on Form 8-K filed on June 25, 2007 and which is incorporated herein by reference.

### **Shareholder Litigation Relating to the Pending Sale of Our Company**

From July 5 to July 13, 2007, four shareholder class action complaints were filed against the Company and its directors alleging breaches of fiduciary duty in connection with the then-proposed sale of the Company to Basell and the receipt of a superior proposal from Hexion. Three actions were filed in Delaware: *Cohen v. Archibald, et al.*, No. 3070, in the Court of Chancery for the State of Delaware (filed July 5, 2007); *Augenstein v. Archibald, et al.*, No. 3076, in the Court of Chancery for the State of Delaware (filed July 9, 2007); and *Murphy v. Huntsman, et al.*, No. 3094, in the Court of Chancery for the State of Delaware (filed July 13, 2007). Another action was filed in Texas: *Schwoegler v. Huntsman Corporation, et al.*, Cause No. 07-07-06993-CV, in the 9<sup>th</sup> Judicial District Court of Montgomery County,

## Edgar Filing: Huntsman CORP - Form 424B7

Texas (filed July 6, 2007). Some complaints also named Basell entities as additional defendants alleging claims of aiding and abetting breaches of fiduciary duty.

The complaints collectively allege that the directors of the Company failed to conduct a sufficient process to investigate and obtain maximum value for the Company's shares, prematurely entered into a merger agreement with Basell at an inadequate price of \$25.25 per share as evidenced by a superior proposal later received from Hexion, improperly agreed to a \$200 million termination fee to Basell, failed to make adequate disclosures concerning the Basell transaction, and engaged in self-dealing by manipulating the timing of the Basell transaction to benefit officers and directors of the Company more than shareholders. The complaints seek injunctive relief on behalf of a class of shareholders to enjoin the proposed merger with Basell, rescission of the Basell merger agreement and the \$200 million termination fee, and plaintiffs' costs including reasonable attorneys' fees.

As discussed above, since the cases were filed, the Company has terminated the Basell Agreement and entered into the Merger Agreement with Hexion. On July 30, 2007, the Delaware Chancery Court entered an order consolidating the three Delaware actions into the first-filed action, requiring the plaintiffs to file a consolidated amended complaint as soon as practicable, and extending the deadline for all defendants to answer or respond in the Delaware action until 30 days after the consolidated amended complaint is filed. The Texas action was only recently served on the Company, and defendants' answer or response is not due until August 13, 2007.

The Company believes the cases are meritless and intends to defend them vigorously.

## Second Quarter 2007 Results

Revenues for the second quarter of 2007 were \$2,517.6 million, as compared to \$2,389.0 million for the second quarter of 2006. Second quarter 2007 net loss was \$83.9 million, or \$0.36 loss per diluted share, as compared to net income of \$262.9 million, or \$1.13 per diluted share, for the same period in 2006.

## Operating Results

In millions, except per share amounts	Three months ended June 30,	
	2007	2006
<b>Revenues</b>	\$ 2,517.6	\$ 2,389.0
<b>Cost of goods sold</b>	2,137.9	1,993.6
<b>Gross profit</b>	379.7	395.4
Operating expenses	257.7	102.7
Restructuring, impairment and plant closing costs	13.2	8.9
<b>Operating income</b>	108.8	283.8
Interest expense, net	(70.0)	(94.6)
Loss on accounts receivable securitization program	(4.7)	(3.6)
Equity in income of investment in unconsolidated affiliates	5.1	1.4
Other non-operating (expense) income	(1.3)	0.6
<b>Income from continuing operations before income taxes and minority interest</b>	37.9	187.6
Income tax benefit (expense)	8.0	(17.4)
Minority interest in subsidiaries' loss (income)	11.1	(0.3)
<b>Income from continuing operations</b>	57.0	169.9
(Loss) income from discontinued operations, net of tax(1)	(132.0)	42.5
Extraordinary (loss) gain on the acquisition of a business, net of tax(2)	(8.9)	50.5
<b>Net (loss) income</b>	\$ (83.9)	\$ 262.9
<b>Net (loss) income</b>	\$ (83.9)	\$ 262.9
Interest expense, net	70.0	94.6
Income tax (benefit) expense	(8.0)	17.4
Depreciation and amortization	97.1	91.9
Income taxes, depreciation and amortization included in discontinued operations(1)	(65.6)	32.5
<b>EBITDA(3)</b>	\$ 9.6	\$ 499.3
(Loss) income from discontinued operations, net of tax	\$ (132.0)	\$ 42.5
Income tax (benefit) expense	(76.3)	6.9
Depreciation and amortization	10.7	25.6
<b>EBITDA from discontinued operations</b>	(197.6)	75.0
<b>Basic (loss) income per share</b>	\$ (0.38)	\$ 1.19
<b>Diluted (loss) income per share</b>	\$ (0.36)	\$ 1.13
<b>Common share information:</b>		
Basic shares outstanding	220.9	220.6
Diluted shares	233.5	233.2



## Segment Results

In millions	Three months ended June 30,	
	2007	2006
<b>Segment Revenues:</b>		
Polyurethanes	\$ 1,010.2	\$ 925.1
Materials and Effects	621.5	335.3
Performance Products	548.4	543.4
Pigments	293.2	276.0
Polymers(4)		
Base Chemicals	141.3	350.6
Eliminations and other(4)	(97.0)	(41.4)
<b>Total from continuing operations</b>	<b>\$ 2,517.6</b>	<b>\$ 2,389.0</b>
<b>Segment EBITDA(3):</b>		
Polyurethanes	\$ 158.6	\$ 180.5
Materials and Effects	52.5	34.2
Performance Products	33.2	77.5
Pigments	21.9	31.8
Polymers(4)	(219.9)	35.2
Base Chemicals	21.9	138.1
Corporate and other(4)	(58.6)	2.0
<b>Total</b>	<b>\$ 9.6</b>	<b>\$ 499.3</b>

**Three Months Ended June 30, 2007 as Compared to Three Months Ended June 30, 2006**

Revenues for the three months ended June 30, 2007, increased to \$2,517.6 million, from \$2,389.0 million during the same period in 2006. Revenues increased in our Polyurethanes segment due to higher average selling prices and higher sales volumes. Revenues increased in our Materials and Effects segment primarily due to the acquisition of our textile effects business in June 2006. Revenues increased in our Performance Products segment due primarily to higher average selling prices. Revenues increased in our Pigments segment due to higher sales volumes. Revenues decreased in our Base Chemicals segment primarily due to the continuing outage at our Port Arthur, Texas olefins manufacturing facility since April 29, 2006 and the divestiture of certain of our U.S. butadiene and MTBE assets on June 27, 2006.

For the three months ended June 30, 2007, EBITDA was \$9.6 million, a decrease from \$499.3 million in the same period in 2006.

*Polyurethanes*

The increase in revenues in the Polyurethanes segment for the three months ended June 30, 2007 compared to the same period in 2006 was due to higher average selling prices and higher sales volumes. MDI sales volumes increased 4% primarily as the result of strong growth in Asia and Europe, partially offset by reduced demand in the Americas. MDI average selling prices increased 7% primarily in response to increased raw material costs. MTBE average selling prices increased due to improved demand.

The decrease in EBITDA in the Polyurethanes segment was primarily the result of lower MDI margins due to higher raw material costs and expenses related to the ongoing outage at the China joint venture facility. The temporary shutdown of the China joint venture facility, which was undergoing

repairs to replace a damaged heat exchanger, resulted in incremental expenses of approximately \$11 million during the second quarter of 2007.

#### *Materials and Effects*

The increase in revenues in the Materials and Effects segment for the three months ended June 30, 2007 compared to the same period in 2006 was primarily due to the acquisition of the textile effects business on June 30, 2006. The textile effects business contributed \$260.7 million in revenue for the three months ended June 30, 2007, while the advanced materials business contributed \$360.8 million revenues for the same period, an increase of \$25.5 million or 8% as compared to 2006. The increase in advanced materials revenues was primarily the result of a 13% increase in average selling prices partially offset by a 5% decrease in sales volumes.

The increase in EBITDA in the Materials and Effects segment was primarily due to the acquisition of the textile effects business on June 30, 2006. The textile effects business contributed \$13.1 million of EBITDA for the three months ended June 30, 2007 which included \$7.9 million of restructuring costs, while the advanced materials business contributed \$39.4 million for the same period, an increase of \$4.1 million or 12%. The increase in EBITDA in the advanced materials business was primarily due to higher margins resulting from higher average selling prices, favorable product mix and the strength of the major European currencies versus the U.S. dollar. During the three months ended June 30, 2007, the Materials and Effects segment recorded restructuring and plant closing costs of \$8.6 million as compared to a credit of \$0.3 million for the comparable period in 2006.

#### *Performance Products*

The increase in revenues in the Performance Products segment for the three months ended June 30, 2007 compared to the same period in 2006 was the result of a 3% increase in average selling prices, partially offset by a 2% decrease in sales volumes. Average selling prices increased primarily due to the strength of the major European and Australian currencies versus the U.S. dollar. The decrease in sales volumes was primarily attributable to lower sales of olefins, ethylene oxide, ethylene glycol and ethanolamines due to an outage at our Port Neches, Texas facility.

The decrease in EBITDA in the Performance Products segment was primarily due to lower margins in our U.S. intermediates and olefins businesses due to the above mentioned outage at our Port Neches, Texas facility. Fixed manufacturing and selling, general and administrative costs were also higher in the 2007 period as compared to the prior year. In addition, during the three months ended June 30, 2007 we recorded a charge of \$6.3 million relating to the settlement of a legal dispute, whereas during the three months ended June 30, 2006 we recorded a one-time gain on sale of real estate of \$1.5 million.

#### *Pigments*

The increase in revenues in the Pigments segment for the three months ended June 30, 2007 compared to the same period in 2006 was primarily due to a 9% increase in sales volumes partially offset by a 1% decrease in average selling prices. Sales volumes increased primarily due to stronger global demand. Average selling prices decreased in the European and North American region due to competitive markets partially offset by the strength of major European currencies versus the U.S. dollar.

The decrease in EBITDA in the Pigments segment was primarily due to the lower local currency average selling prices discussed above. The positive effect which the strength of the major European currencies versus the U.S. dollar had on revenues noted above was offset by the negative impact of the strength of the major European currencies on costs.

*Polymers*

On February 15, 2007 we entered into an agreement with Flint Hills Resources, LLC to sell the majority of the assets that comprise our Polymers segment. On June 22, 2007 we entered into an amended agreement with Flint Hills Resources whereby we expect to close on the sale of our North American polymers business on or about August 1, 2007. Results from our North American polymers business have been classified as discontinued operations. Results from our Australian polymers business are now included in the Corporate and Other segment.

The decrease in EBITDA in the Polymers segment was primarily the result of an increase in restructuring, impairment and plant closing costs of \$240.1 million. In addition, lower margins driven primarily by lower average selling prices added to the decrease in EBITDA. During the three months ended June 30, 2007 the Polymers segment recorded restructuring, impairment and plant closing costs of \$240.1 million as compared to charges of nil for the same period in 2006.

*Base Chemicals*

The decrease in revenues in the Base Chemicals segment for the three months ended June 30, 2007 compared to the same period in 2006 was primarily the result of the continuing outage at our Port Arthur, Texas olefins manufacturing facility and the divestiture of certain of our U.S. butadiene and MTBE assets in the 2006 period.

The decrease in EBITDA in the Base Chemicals segment was primarily the result of the continuing outage at our Port Arthur, Texas olefins manufacturing facility and the divestiture of certain of our U.S. butadiene and MTBE assets. During the three months ended June 30, 2007, EBITDA was negatively impacted by an estimated \$31 million related to the outage at the Port Arthur, Texas olefins facility as compared to an estimated \$64 million, which includes a \$10 million impairment charge, in the 2006 period.

On February 15, 2007 we entered into an agreement with Flint Hills Resources, LLC to sell the assets that comprise this Base Chemicals segment, and these operations are not yet classified as discontinued operations.

*Corporate and Other*

Corporate and other items include the results of our Australia polymers business, unallocated corporate overhead, loss on the sale of accounts receivable, unallocated foreign exchange gains and losses, losses on the early extinguishment of debt, other non-operating income and expense, minority interest, unallocated restructuring costs, and the extraordinary gain on the acquisition of a business. In the second quarter of 2007, the total of these items was a negative \$58.6 million as compared to a positive \$2.0 million in the 2006 period. The decrease in EBITDA was primarily the result of a \$8.9 million extraordinary loss related to the Textile Effects acquisition in the second quarter of 2007 whereas in the second quarter of 2006 we recorded an extraordinary gain of \$50.5 million related to this acquisition.

**Income Taxes**

In the second quarter 2007, we recorded \$8.0 million of income tax benefit as compared to \$17.4 million of income tax expense in the comparable period of 2006. During the quarter, we released the entire valuation allowance on the U.S. net deferred tax assets. As a result, we recorded an incremental non-cash tax benefit of approximately \$19.8 million to continuing operations and recorded a tax benefit on discontinued operations of \$76.3 million. Our effective tax rate benefit on an adjusted basis was 9% for the second quarter 2007 as compared to an effective tax expense rate of 15% in the

prior year comparable p