

HUNTSMAN INTERNATIONAL LLC  
 Form 10-K/A  
 April 30, 2009

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**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,  
 2008

OR

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

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

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

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

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

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

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

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Huntsman Corporation	YES <input type="radio"/>	NO <input checked="" type="radio"/>
Huntsman	YES <input type="radio"/>	NO <input checked="" type="radio"/>
International LLC		

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

Huntsman Corporation	YES <input type="radio"/>	NO <input checked="" type="radio"/>
Huntsman	YES <input type="radio"/>	NO <input checked="" type="radio"/>
International LLC		

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

Huntsman Corporation	YES <input checked="" type="radio"/>	NO <input type="radio"/>
Huntsman	YES <input checked="" type="radio"/>	NO <input type="radio"/>
International LLC		

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

Huntsman Corporation	YES <input type="radio"/>	NO <input type="radio"/>
Huntsman	YES <input type="radio"/>	NO <input type="radio"/>
International LLC		

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

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

Huntsman Corporation	Large accelerated filer <input checked="" type="radio"/>	Accelerated filer <input type="radio"/>	Non-accelerated filer <input type="radio"/>	Smaller reporting company <input type="radio"/>
Huntsman	Large accelerated filer <input type="radio"/>	Accelerated filer <input type="radio"/>	Non-accelerated filer <input type="radio"/>	Smaller reporting company <input type="radio"/>
International LLC	Large accelerated filer <input type="radio"/>	Accelerated filer <input type="radio"/>	Non-accelerated filer <input checked="" type="radio"/>	Smaller reporting company <input type="radio"/>

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

Huntsman Corporation	YES <input type="radio"/>	NO <input checked="" type="radio"/>
Huntsman	YES <input type="radio"/>	NO <input checked="" type="radio"/>
International LLC		

On June 30, 2008, the last business day of the registrant's second fiscal quarter, the aggregate market value of voting and non-voting common equity held by nonaffiliates was as follows:

Registrant	Common Equity	Market Value Held by Nonaffiliates
Huntsman Corporation	Common Stock	\$1,857,576,135(1)
Huntsman International LLC	Units of Membership Interest	\$(0)(2)

(1) Based on the closing price of \$11.40 per share of common stock as quoted on the New York Stock Exchange.

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

On February 13, 2009, the number of shares outstanding of each of the registrant's classes of common equity was as follows:

Registrant	Common Equity	Outstanding
Huntsman Corporation	Common Stock	234,430,334
Huntsman International LLC	Units of Membership Interest	2,728

This Amendment No. 1 on Form 10-K/A presents information for two registrants: Huntsman Corporation and Huntsman International LLC. Huntsman International LLC is a wholly owned subsidiary of Huntsman Corporation and is the principal operating company of Huntsman Corporation. The information reflected in this Amendment No. 1 on Form 10-K/A is equally applicable to both Huntsman Corporation and Huntsman International LLC, except where otherwise indicated.

Huntsman International LLC meets the conditions set forth in General Instructions (I)(1)(a) and (b) of Form 10-K and, to the extent applicable, is therefore filing this form with a reduced disclosure format.

**Documents Incorporated by Reference**

None.

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**EXPLANATORY NOTE**

This Amendment No. 1 on Form 10-K/A (this "Amendment No. 1") amends our annual report on Form 10-K for the year ended December 31, 2008 (our "2008 10-K"), originally filed with the Securities and Exchange Commission (the "Commission" or "SEC") on February 26, 2009. As permitted by General Instruction (G)(3) of Form 10-K, we did not include the information required by Part III of Form 10-K in our 2008 10-K. In accordance with General Instruction (G)(3) of Form 10-K, this Amendment No. 1 is being filed to include the information required by Part III of Form 10-K.

Except as otherwise specifically indicated herein, this Amendment No. 1 does not reflect events occurring after the February 26, 2009 filing of our 2008 10-K and does not modify or update the disclosures set forth in our 2008 10-K. We direct you to our filings with the Commission made subsequent to February 26, 2009 for additional information on events subsequent to February 26, 2009.

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**PART III**

**ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

Information with respect to our directors is presented below, as of April 15, 2009.

*Class I Directors (term expires in 2011)*

**Jon M. Huntsman** Mr. Huntsman, age 71, is the Executive Chairman of the Board of Directors of our Company. Prior to appointment as Executive Chairman effective February 1, 2009, Mr. Huntsman served as Chairman of the Board of Directors of our Company, a position he had held since our Company was formed. He has been Chairman of the Board of all Huntsman companies since he founded his first plastics company in 1970. Mr. Huntsman served as Chief Executive Officer of our Company and our affiliated companies from 1970 to 2000. Mr. Huntsman is a director or manager, as applicable, of Huntsman International and certain of our other subsidiaries. In addition, Mr. Huntsman serves or has served as Chairman or as a member of numerous corporate, philanthropic and industry boards, including the American Red Cross, The Wharton School, University of Pennsylvania, Primary Children's Medical Center Foundation, the Chemical Manufacturers Association and the American Plastics Council. Mr. Huntsman was selected in 1994 as the chemical industry's top CEO for all businesses in Europe and North America. Mr. Huntsman formerly served as Special Assistant to the President of the United States and as Vice Chairman of the U.S. Chamber of Commerce. He is the Chairman and Founder of the Huntsman Cancer Institute. Mr. Huntsman is the father of our CEO, Peter R. Huntsman.

**Marsha J. Evans** Ms. Evans, age 61, has served as a Director since August 2005. Ms. Evans served as President and Chief Executive Officer of The American Red Cross from August 2002 until December 2005. Ms. Evans previously served as the National Executive Director of Girl Scouts of the USA from 1998 until July 2002. She served with the United States Navy for 29 years, where she was commissioned ensign in 1968 and attained the rank of rear admiral before retiring in 1998. Prior to retirement, she served as superintendent of the Naval Postgraduate School in Monterey, California, and as director of the George C. Marshall European Center for Security Studies. Ms. Evans also serves as a director of Weight Watchers International, Inc., Lehman Brothers Holdings Inc. and Office Depot, Inc.

*Class II Directors (term expires in 2009)*

**Peter R. Huntsman** Mr. Huntsman, age 46, has served as a Director since October 2004. Mr. Huntsman is President, Chief Executive Officer and a Director of our Company. Prior to his appointment in July 2000 as Chief Executive Officer, Mr. Huntsman had served as President and Chief Operating Officer since 1994. In 1987, Mr. Huntsman joined Huntsman Polypropylene Corporation as Vice President before serving as Senior Vice President and General Manager. Mr. Huntsman has also served as Senior Vice President of Huntsman Chemical Corporation and as a Senior Vice President of Huntsman Packaging Corporation, a former subsidiary of our Company. Mr. Huntsman is a director or manager, as applicable, of Huntsman International and certain of our other subsidiaries. Mr. Huntsman is

the son of our Executive Chairman, Jon M. Huntsman.

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**Wayne A. Reaud**

Mr. Reaud, age 61, has served as a Director since March 2005. Mr. Reaud currently serves as the Chairman of our Litigation Committee, which was formed in November 2008, and he served as the Chairman of our Compensation Committee from March 2005 until January 2009. Mr. Reaud is a trial lawyer and the founder of the law firm of Reaud, Morgan & Quinn. For over thirty years, he has represented clients in significant cases involving personal injury, product and premises liability, toxic torts and business litigation. Mr. Reaud has handled first impression mass tort litigation involving asbestos premises liability claims, including the largest asbestos product liability class action lawsuit in the history of Texas courts. He also represented the State of Texas in its landmark litigation against the tobacco industry. Mr. Reaud currently serves as Chairman of the Board of the Beaumont Foundation of America and is President and a Director of the Reaud Charitable Foundation. He is a Life Fellow of the Texas Bar Foundation and a Fellow of the International Society of Barristers. Mr. Reaud was chosen as the Most Distinguished Alumni of Texas Tech University Law School in 1998. He is listed in Best Lawyers in America.

**Alvin V. Shoemaker**

Mr. Shoemaker, age 70, has served as a Director since March 2005. Mr. Shoemaker has been a private investor since his retirement as Chairman of the Board of First Boston Corporation and First Boston, Inc. in 1989, a position he assumed in 1983. Mr. Shoemaker also serves as a director of Wynn Resorts Limited.

*Class III Directors (term expires in 2010)*

**Nolan D. Archibald**

Mr. Archibald, age 65, has served as a Director since March 2005. Mr. Archibald was appointed as Chairman of the Compensation Committee in January 2009. Mr. Archibald has been President and Chief Executive Officer of The Black & Decker Corporation since 1986 and Chairman of the Board of The Black & Decker Corporation since 1987. Mr. Archibald also serves as a director of Lockheed Martin Corporation and Brunswick Corporation.

**H. William Lichtenberger**

Mr. Lichtenberger, age 73, has served as a Director since March 2005 and has served as Vice Chairman and Lead Director since February 2009. He has also served as Chairman of the Nominating and Governance Committee since March 2005. Mr. Lichtenberger was the Chairman and Chief Executive Officer of Praxair, Inc. from 1992 until his retirement in 2000. From 1990 until 1992, he was President and Chief Operating Officer of Union Carbide Corporation. Mr. Lichtenberger also serves as a director of Ingersoll-Rand Company Limited.

**Richard A. Michaelson**

Mr. Michaelson, age 57, has served as a Director and Chairman of the Audit Committee since October 2004. Mr. Michaelson is the Chief Financial Officer of Life Sciences Research Inc., a contract research organization providing global outsourcing services to the pharmaceutical industry. Prior to his joining Life Sciences Research Inc. in 1998, he was a partner in Focused Healthcare Partners, a healthcare investment company. Mr. Michaelson was the Chief Financial Officer of Unilab Corporation, California's largest provider of clinical laboratory services, from 1993 to 1997, and held a succession of senior management positions at MetPath (now Quest Diagnostics) between 1982 and 1993. Mr. Michaelson was a financial analyst at IBM from 1979 to 1982.





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**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our directors and executive officers, among others, to file with the SEC and the NYSE an initial report of ownership of our common stock on Form 3 and reports of changes in ownership on Form 4 or Form 5. Persons subject to Section 16 are required by SEC regulations to furnish us with copies of all Section 16 forms that they file related to our stock transactions. Under SEC rules, certain forms of indirect ownership and ownership of our common stock by certain family members are covered by these reporting requirements. As a matter of practice, our administrative staff assists our directors and executive officers in preparing initial ownership reports and reporting ownership changes and typically files these reports on their behalf.

Based solely on a review of the copies of Forms 4 and 5 furnished to us, or written representations from reporting persons that all reportable transactions were reported, we believe that during 2008 all of our executive officers, directors and greater than 10% holders filed the reports required to be filed under Section 16(a) on a timely basis under Section 16(a).

**Financial Code of Ethics and Business Conduct Guidelines**

Our Board has adopted a Financial Code of Ethics for Senior Financial Officers. This code of ethics applies to our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. Among other matters, this code of ethics is designed to promote:

honest and ethical conduct;

avoidance of conflicts of interest;

full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the SEC and in our other public communications;

compliance with applicable governmental laws and regulations and stock exchange rules;

prompt internal reporting of violations of the code to an appropriate person or persons identified in the code; and

accountability for adherence to the code.

In addition, the Board has adopted our Business Conduct Guidelines. The Board requires all directors, officers and employees to adhere to these guidelines in addressing the legal and ethical issues encountered in conducting their work. The Financial Code of Ethics and Business Conduct Guidelines are available on our website at [www.huntsman.com](http://www.huntsman.com). We will also furnish copies of the Financial Code of Ethics and Business Conduct Guidelines to any person who requests them. Requests for copies should be directed to the Corporate Secretary, 500 Huntsman Way, Salt Lake City, Utah, 84108 or to [corporatesecretary@huntsman.com](mailto:corporatesecretary@huntsman.com).

**Audit Committee**

Our Board currently has, and appoints the members of, a standing Audit Committee. The current members of the audit committee are Richard A. Michaelson (Chair), H. William Lichtenberger and Alvin V. Shoemaker. Our Board has determined that Mr. Michaelson, the Chairman of the Audit Committee, qualifies as an "audit committee financial expert" as defined by the regulations of the SEC.

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**ITEM 11. EXECUTIVE COMPENSATION**

**COMPENSATION DISCUSSION AND ANALYSIS**

**Named Executive Officers**

The following Compensation Discussion and Analysis provides information regarding the compensation paid to our Chief Executive Officer, Chief Financial Officer and the other three most highly compensated executive officers in 2008. We refer to these individuals as "named executive officers." Our named executive officers are Peter R. Huntsman, President and Chief Executive Officer, J. Kimo Esplin, Executive Vice President and Chief Financial Officer, Samuel D. Scruggs, Executive Vice President, General Counsel and Secretary, Anthony P. Hankins, Division President, Polyurethanes, and Paul G. Hulme, Division President, Textile Effects. Under applicable rules, we also provide certain information concerning Kevin J. Ninow, formerly Division President, Base Chemicals, who served in that position until June 1, 2008.

**Compensation Philosophy and Objectives**

Our executive compensation programs are designed to attract, motivate and retain executives critical to our long-term success and the creation of stockholder value. Our fundamental compensation philosophy is that performance should have a significant impact on compensation and, consequently, we attempt to closely link executive officers' total compensation with the achievement of annual and long-term performance goals. Management and the Compensation Committee believe that compensation decisions are complex and require careful review of individual and Company performance and chemical and general industry compensation levels. The Compensation Committee awards compensation to our executive officers based upon corporate, business division and individual performance and designs compensation so as to motivate executive officers to achieve strategic objectives and to continue to perform at the highest levels.

Based on the objectives described above, we strive to set a total compensation opportunity within range of the median of the total direct compensation paid to similarly situated personnel at comparable companies against whom we compete both in the chemical industry marketplace and in the broader market for executives, key employees and outside directors. Actual compensation may be above or below the median based on the actual performance of our Company and the individual, with the opportunity to achieve upper quartile compensation based on superior performance. This approach is intended to ensure that a significant portion of executive compensation is based on our financial and strategic performance.

**Roles and Responsibilities**

The Compensation Committee, management and an independent compensation consultant retained by the Compensation Committee are involved in the development, review, evaluation and approval of our executive compensation programs.

*Executive Management.* Our Chief Executive Officer sets our strategic direction and strives to promote compensation programs that motivate executives' behavior consistent with strategic objectives. Our Chief Executive Officer is assisted by our Vice President, Global Human Resources, who provides assistance with the design and development of compensation programs, the interpretation of data and the effects of adjustments and modifications to compensation programs. Our Chief Financial Officer and our General Counsel also assist our Chief Executive Officer by advising on legal and financial considerations relevant to these programs. In collaboration with the Compensation Committee and the compensation consultant, management coordinates the annual review of the compensation programs for the executive officers. This review includes an evaluation of individual and corporate performance, competitive practices and trends and various compensation issues. Based on the results of this review,

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management makes recommendations to the Compensation Committee regarding the compensation of each of the executive officers, other than the Chief Executive Officer.

*Compensation Committee.* The Compensation Committee has overall responsibility for the approval of programs that are reasonable, consistent with our stated compensation philosophy and support our business goals and objectives. The Board established the Compensation Committee in February 2005 at the time of our initial public offering, and the current members of the Compensation Committee were appointed in March 2005. The Compensation Committee consists of three directors, Messrs. Nolan D. Archibald (Chairman), Wayne A. Reaud and Alvin V. Shoemaker, each of whom is independent within the meaning of current NYSE rules.

The Compensation Committee has authority and responsibility for the review, evaluation and approval of the compensation structure and level for all of our executive officers. This includes the articulation of a compensation philosophy, and policies and plans covering our executive officers. The Compensation Committee also conducts an annual review and approval of the Chief Executive Officer's annual compensation, including an evaluation of his performance, corporate goals and objectives relevant to his compensation, and his compensation under various circumstances, including upon retirement or a change in control.

The Compensation Committee operates pursuant to a charter, which is available on our website at [www.huntsman.com](http://www.huntsman.com). Under its charter, the stated purposes of the Compensation Committee are:

to review, evaluate and approve our compensation agreements, incentive- compensation and equity-based plans, policies and programs;

to carry out its responsibilities under applicable securities laws and regulations relating to our proxy statement for our annual meeting of stockholders or other applicable report or filing;

to otherwise discharge the Board's responsibilities relating to compensation of our executive officers and directors; and

to perform such other functions as the Board may assign to the Compensation Committee from time to time.

The Compensation Committee's charter permits the Compensation Committee to form and delegate some or all of its authority to subcommittees when it deems appropriate. In particular, the Compensation Committee may delegate the approval of award grants and other responsibilities regarding the administration of compensatory programs to a subcommittee consisting solely of members of the Compensation Committee who are non-employee directors or outside directors.

The Compensation Committee typically meets at least four times each year to address various compensation issues and processes. Our Chief Executive Officer does not have the ability to call Compensation Committee meetings, but generally attends Compensation Committee meetings at the Compensation Committee's request to answer questions and provide input regarding the performance of our executive officers. However, the Chief Executive Officer is not present while decisions regarding his compensation are made. In addition, each Compensation Committee meeting usually includes an executive session without members of management present. The Compensation Committee met four times during 2008, and each of these meetings included an executive session. Our Chief Executive Officer attended four Compensation Committee meetings in 2008. The Compensation Committee regularly reports to the full Board regarding executive compensation matters.

*Compensation Consultant.* The Compensation Committee has sole authority to retain and terminate the services of a compensation consultant who reports to the Compensation Committee. The role of the compensation consultant is to advise the Compensation Committee in its oversight role, advise management in the executive compensation design process and provide independent compensation data and analysis to facilitate the annual review of the programs. The compensation

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consultant, who is a Principal at Towers Perrin, attends Compensation Committee meetings as requested by the Compensation Committee. During 2008, the compensation consultant attended three Compensation Committee meetings.

Services performed by the compensation consultant for the Compensation Committee during 2008 included evaluation of levels of executive compensation as compared to general market compensation data and peer companies' compensation data, preparation of tally sheets for each of the executive officers, evaluation of proposed compensation programs or changes to existing programs and providing information on current executive compensation trends and regulations.

In order to ensure the continued independence of the compensation consultant, the entire Board is made aware of all other services performed by Towers Perrin for our Company. During 2008, these other services, which were performed by Towers Perrin associates other than the compensation consultant, were comprised of U.S. and global actuarial services, health and welfare consulting and general compensation services.

In 2008, our Chief Executive Officer did not meet with the compensation consultant outside of Compensation Committee meetings and met with the compensation consultant at such meetings only when members of the Compensation Committee were present. Our Chief Executive Officer did not retain or consult with any other compensation consultant.

**Annual Review of Executive Compensation**

Our management and the Compensation Committee generally strive to maintain an executive compensation program that is structured to provide executive officers with a total compensation package that, at expected levels of performance, is comparable to those provided to other executives holding comparable positions or having similar qualifications in other similarly situated organizations in the chemical industry and the general market. These objectives are achieved through an annual review of the compensation of each of our executive officers. Variations from general standards may be made when appropriate to promote specific Company strategies or in response to unusual circumstances or conditions (such as the current economic downturn).

In preparation for the annual review for 2008, the compensation consultant conducted competitive compensation analyses using several sources of data. One source of data specifically utilized in evaluating compensation levels of the executive officers, and particularly the named executive officers, was proxy statements filed by our chemical industry peer companies. Additional information regarding the peer group of companies is provided below. Please see "Compensation Discussion and Analysis Compensation Peer Group." We also utilized nationally recognized compensation surveys to assess the competitiveness of executive compensation. Specific survey benchmark matches were identified for each executive officer position.

The compensation consultant prepared a report to the Compensation Committee that included extensive analyses of compensation based on competitive market data gathered from peer proxy statements and published and private survey sources. In addition to this report, the compensation consultant prepared a total compensation report or "tally sheet" for each of the executive officers, including our Chief Executive Officer. Each tally sheet showed the total dollar value of the executive officer's annual compensation, including the executive's base salary, bonus, long-term incentives, lump sum present value of retirement benefits, company contributions for health and welfare plans, tax gross-ups and applicable perquisites. In addition, these tally sheets estimated the potential payment(s) under a variety of termination scenarios (voluntary termination, for-cause termination, without-cause termination or termination by employee with good reason, and termination due to change in control) and are utilized as a tool to provide transparency as to the impact of each compensation component. Each time the Compensation Committee reviews a component of compensation, it considers the component in light of total compensation.

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The tally sheets provide the Compensation Committee with context for the decisions they make in relation to total direct compensation. Although they do not necessarily drive decision making with regard to specific components of the total compensation program, the tally sheets enable the Compensation Committee to assess, on a comprehensive basis, total direct compensation and the relationship of various components of the total compensation program to each other. The tally sheets may also influence the Compensation Committee's views on a variety of issues, such as changes to severance plans and employment agreements, special equity grants to promote retention, or changes in long-term variable equity incentives.

The Compensation Committee reviews different components of compensation at different meetings during the year. Each time a component is reviewed, we provide the Compensation Committee with a report that contains each executive officer's base salary, equity holdings and merit history for the prior three years, and includes the Chief Executive Officer's recommendations regarding the specific compensation being considered at that meeting. With respect to our named executive officers other than our Chief Executive Officer, this recommendation is made by our Chief Executive Officer after consultation with our Vice President, Global Human Resources. After reviewing these materials, the Compensation Committee considers each executive's performance through a review of objective results, reports from other senior management (for all executives other than our Chief Executive Officer) and, in many cases, personal observation. As part of this process, the Chief Executive Officer provides the Compensation Committee with his evaluation of the performance of each executive officer during the prior year. The Compensation Committee considers all of the information provided to them to arrive at individual compensation decisions.

In making its decisions regarding each executive officer's compensation, the Compensation Committee considers the nature and scope of all elements of the executive's total compensation package, the executive's responsibilities and his or her effectiveness in supporting our key strategic, operational and financial goals.

**Compensation Peer Group**

In determining the appropriate amount for each element of the executive officers' total direct compensation (base salary, annual incentives, special project bonuses and long-term incentives), the Compensation Committee considers the compensation paid for similar positions at other companies within a peer group of companies. The peer group is comprised of companies against which we compete in the global chemical industry for executives, key employees and outside directors. The selected peer companies fall within a range of comparison factors (both above and below us) such as revenue, market capitalization and net income. The peer group data supplied by the compensation consultant to the Compensation Committee is not adjusted based on any of these factors. The list of companies that comprise the peer group was initially developed in 2005 and was subsequently modified based on suggestions from the compensation consultant and finalized based on input from our management and the Chairman of the Compensation Committee. Some variation may take place from year to year in the composition of this group based on an analysis provided by the compensation consultant that is reviewed for appropriateness by the Compensation Committee. The current peer group is comprised of the following thirteen companies:

3M Company	Monsanto Chemical Company
Air Products and Chemicals Incorporated	OM Group Incorporated
Avery Dennison Corporation	PPG Industries Incorporated
Dow Chemical Company	Praxair Incorporated
EI Du Pont de Nemours and Company	Rohm and Haas Company
Eastman Chemical Company	Sherwin-Williams Company
LyondellBasell Industries	

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This competitive market data provides a frame of reference for the Compensation Committee when evaluating executive compensation, but is not the only factor considered for our executives' compensation. In addition to the peer group noted above, the Compensation Committee uses nationally recognized compensation surveys to assess the broader market competitiveness of our executive compensation. This data is generally provided by the compensation consultant and is the product of published and private survey sources representing compensation amounts for similar positions within general industry and chemical industry companies. The Compensation Committee uses data from these broad market surveys to provide additional information against which they can compare the competitiveness of our executive compensation.

**Mix of Compensation**

The key elements of direct compensation for the executive officers are base salary, annual incentive compensation, special project bonuses and equity-based compensation, which is typically provided through stock options and restricted stock. The Compensation Committee strives to align the relative proportion of each element of total direct compensation with the competitive market and our objectives, as well as to preserve the flexibility to respond to the continually changing global environment in which we operate. Generally, as employees move to higher levels of responsibility with greater ability to influence our results, the percentage of performance-based pay will increase. The Compensation Committee's goal is also to strike the appropriate balance between annual and long-term incentives, and it may adjust the allocation of pay to best support our objectives. For 2008, the mix of these three elements for each of the named executive officers is illustrated in the following chart:

**Percent of Total Direct Compensation**

<b>Officer</b>	<b>Base Salary</b>	<b>Annual Incentive Compensation</b>	<b>Long-Term Incentive Awards(1)</b>
Peter R. Huntsman	31%	0%	69%
J. Kimo Esplin	38%	0%	62%
Samuel D. Scruggs	36%	0%	64%
Anthony P. Hankins	52%	0%	48%
Paul G. Hulme	54%	0%	46%
Kevin J. Ninow	100%	0%	0%

(1)

Based on the FAS 123(R) grant date fair value of restricted stock granted in 2008.

The mixture of pay elements described above represents our belief that executive officers should have elements of their compensation tied to both short and long-term objectives. This pay mixture is the result of our historical pay practices, management recommendations and Compensation Committee determinations. For 2008, the Compensation Committee, based in part on the recommendation of the Chief Executive Officer, determined that no incentive compensation bonuses for the named executive officers (including the Chief Executive Officer) would be payable under the annual incentive compensation program.

**Elements of Executive Compensation**

In addition to the key elements of base salary, annual incentive compensation, special project bonuses and equity-based compensation, our executive officers also are eligible for elements of indirect compensation comprised of health and welfare benefits, retirement and savings plans and certain perquisites. The Compensation Committee considers each of the key elements and the indirect elements when evaluating the overall compensation program design.

*Annual Base Salary.* The Compensation Committee establishes base salaries that are sufficient to attract and retain individuals with the qualities it believes are necessary for our long-term financial success and that are competitive in the marketplace.

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An executive officer's base salary generally reflects the officer's responsibilities, tenure, job performance, special circumstances (such as overseas assignments) and the market for the executive's services. The Compensation Committee reviews the base salaries of each executive officer, including the Chief Executive Officer, on an annual basis. In addition to these annual reviews, the Compensation Committee may, at any time, review the salary of an executive who has received a significant promotion, whose responsibilities have been increased significantly or who is subject to competitive pressure. Any adjustments are based on the results of the annual review of market pay data, changes in the cost of living, job performance or the expansion of duties and responsibilities. No pre-determined weight or emphasis is placed on any one of these factors.

As part of its normal annual review cycle, at its February 2008 meeting, the Compensation Committee reviewed the annual base salaries of each of our executive officers. As part of its review, the Compensation Committee considered the contributions and value to our Company of our Chief Executive Officer and the other executive officers during the prior year, including their contributions to our Company's efforts to implement the merger agreement with Hexion while also controlling costs and retaining the talented personnel necessary to lead our Company during this period of transition.

The Compensation Committee also considered the compensation consultant's analysis and competitive market pay practice survey results of similar positions within our peer group, general industry and chemical industry. The Compensation Committee targeted the total direct compensation levels of the Chief Executive Officer and other named executive officers at approximately the 50th percentile of total direct compensation levels of relative executive positions within the survey groups. The report from the compensation consultant indicated that, while the Chief Executive Officer's total target cash compensation (annual base salary and incentive compensation) was near the 50th percentile, his annual salary was above the 75th percentile based on competitive market data. However, the actual total direct compensation for the Chief Executive Officer and all other named executive officers was below the 50th percentile of our peer group and of the general industry for 2008.

Based on its review of executives' contributions to our Company, tally sheet information and benchmark information from market survey reports, the Compensation Committee in 2008 determined that it would set our Chief Executive Officer's base salary at the same amount as 2007 and limit base salary increases to 4% for our other named executive officers.

The following table provides the base salary for our Chief Executive Officer and the other named executive officers in fiscal years 2006 through 2008 and the percentage increase in their 2008 base salary from year to year since 2006:

Officer	Fiscal Year Salary			Percentage Increase From	
	2006	2007	2008	2006 to 2007	2007 to 2008
Peter R. Huntsman	\$ 1,464,500	\$ 1,464,500	\$ 1,464,500	0%	0%
J. Kimo Esplin	\$ 452,600	\$ 470,700	\$ 489,500	4.0%	4.0%
Anthony P. Hankins	\$ 482,500	\$ 501,800	\$ 521,900	4.0%	4.0%
Samuel D. Scruggs	\$ 377,300	\$ 425,000	\$ 442,000	12.6%	4.0%
Paul G. Hulme	\$ 445,200	\$ 471,700	\$ 503,299	4.0%(1)	4.0%(1)
Kevin J. Ninow	\$ 328,100	\$ 341,300	\$ 355,000	4.0%	4.0%

(1) Represents percentage increase for base salary in home country currency.



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*Annual Incentive Awards.* Annual incentive compensation enables executive officers and other key employees of our Company to earn a cash bonus for meeting or exceeding our financial goals as well as for individual performance. The potential payments available under the annual incentive program for the named executive officers depended on the attainment of performance goals recommended by management and approved by the Compensation Committee at the beginning of the year. Furthermore, the Compensation Committee customarily reviews and approves incentive compensation amounts following a subjective evaluation of each executive officer's performance and success in areas they believed to be significant to us as a whole or to a particular business unit or function.

For the named executive officers, our annual incentive compensation program for 2008 provided for target annual incentive compensation of 100% of base salary for our Chief Executive Officer and 60% of base salary for the other named executive officers, with maximum possible annual incentive compensation set at 200% of base salary for our Chief Executive Officer and 120% of base salary for the other named executive officers. The target and maximum bonus amounts were set to align within the total compensation median range of those amounts for comparable executive positions within our peer group. Potential payout of individual bonuses was dependent upon both group performance and individual contributions to our success.

The following table summarizes the bonus targets, performance components and corresponding weightings for each of our named executive officers for 2008 bonuses.

Officer	Target Incentive Award (% of Base Salary)	Maximum Possible Incentive Award (% of Base Salary)	Performance Components	Weightings
Peter R. Huntsman	100%	200%	Corporate adjusted	
			EBITDA	50%
J. Kimo Esplin	60%	120%	Personal Performance	50%
			Corporate adjusted	
			EBITDA	50%
			EH&S, SOX	
Samuel D. Scruggs	60%	120%	Compliance	20%
			Personal Performance	30%
			Corporate adjusted	
			EBITDA	50%
Anthony P. Hankins	60%	120%	EH&S, SOX	
			Compliance	20%
			Personal Performance	30%
			Corporate adjusted	
			EBITDA	20%
			Divisional adjusted	30%