

IMPACT OF SOX ON THE CHEMICAL MANUFACTURING INDUSTRY
Adverse Section 404 Reports
For Companies with Years Ended in 2006
As of July 6, 2007

The following is a copy of the two adverse reports that were issued from companies in the Chemical Manufacturing industry with years ended in 2006. These were all of the accelerated filers in the Chemical Manufacturing industry with adverse Sarbanes-Oxley Section 404 management self assessments. This information was gathered using the online research tool called Audit Analytics an Ives Group, Inc company.

The following is a summary of the **material internal control weaknesses** reported in the two adverse Section 404 Self Assessments:

Internal Controls - Accounting documentation, policy and/or procedures	2
Internal Controls - Accounting personnel resources, competency/training	2
Internal Controls - Material and/or numerous auditor /YE adjustments	2
Internal Controls - Ethical or compliance issues with personnel	1
Internal Controls - Information technology, software, security & access issues	1
Internal Controls - Non-routine transaction control issues	1
Internal Controls - Segregations of duties/ design of controls (personnel)	1

The following is a summary of the **material accounting weaknesses** reported in the two adverse Section 404 Self Assessments. Section 404 is not just about internal control issues, but also about misapplication of financial accounting and reporting issues:

Accounting - Accounts/loans receivable, investments & cash issues	1
Accounting - Acquisition, merger, disposal or reorganization issues	1
Accounting - Deferred, stock-based or executive comp issues	1
Accounting - Expense recording (payroll, SG&A) issues	1
Accounting - Financial derivatives/hedging (FAS 133) acctg issues	1
Accounting - Foreign, related party, affiliated and/or subsid issues	1
Accounting - Gain or loss recognition issues	1
Accounting - Liabilities, payables, reserves and accrual est failures	1



HUNTSMAN INTERNATIONAL LLC

10-K 2006 Management - Internal Control Assessment

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

Our management assessed the effectiveness of internal control over financial reporting for our Company and Huntsman International and concluded that because of the material weakness described below, as of December 31, 2006, such internal control is not effective. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework ("COSO"). Our assessment and conclusion was and is limited to the businesses we owned as of January 1, 2006, and does not pertain to the textile effects business we acquired during the year. The textile effects business, which was acquired on June 30, 2006, constituted 5% and 9% of the net assets and total assets, respectively, and 4% and 5% of the revenues and net income, respectively, of our consolidated financial statements as of and for the year ended December 31, 2006. The textile effects business constituted 5% and 9% of the net assets and



total assets, respectively, and 4% each of the revenues and net income of Huntsman International as of and for the year ended December 31, 2006. We are currently in the process of assessing internal controls for our textile effects business which will be subject to the requirements of the Sarbanes-Oxley Act of 2002 beginning in 2007.

As of December 31, 2006, we had a material weakness in the financial reporting process related to the accounting for a complex, non-routine transaction. This control deficiency resulted in errors in the third quarter calculation of an impairment loss on the sale of our European base chemicals and polymers business and the corresponding recording of the sale transaction, which closed on December 29, 2006. We filed an amended quarterly report on Form 10-Q/A for the quarterly period ended September 30, 2006 to reflect an additional non-cash impairment charge of \$99.0 million.

Our independent auditors, Deloitte & Touche LLP, with direct access to our Board of Directors through our Audit Committee, have audited the consolidated financial statements prepared by our Company and Huntsman International. Their reports on the consolidated financial statements are included in "Part II, Item 8. Financial Statements and Supplementary Data." Management's assessment of internal control over financial reporting has been audited by Deloitte & Touche LLP, as stated in their reports included herein.

MANAGEMENT'S REMEDIATION PLAN

Management takes its role in establishing, maintaining and evaluating internal controls over financial reporting seriously and has identified and is implementing the following steps necessary to address and remediate the material weakness described in "—Management's Report on Internal Controls over Financial Reporting" above:

- Involve accounting personnel with appropriate technical accounting expertise early in evaluation of complex, non-routine transactions to determine how such transactions will effect our financial statements;
- Reorganize the accounting and finance departments to ensure that accounting management with adequate technical expertise, skills and knowledge of the complex, non-routine transactions are directly involved in the review and accounting evaluation of such transactions;
- Our internal audit department will review the accounting for all material, complex and non-routine transactions; and
- Properly document and evidence the reviews performed by management and our internal audit department.

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

To comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, we completed a comprehensive compliance process to evaluate our internal control over financial reporting. We involved employees at all levels of our Company during 2006 in training, performing and evaluating our internal controls.

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

HUNTSMAN CORPORATION HUNTSMAN INTERNATIONAL LLC /s/ PETER R. HUNTSMAN /s/ J. KIMO ESPLIN Peter R. Huntsman J. Kimo Esplin President and Chief Executive Officer Executive Vice President and Chief Financial Officer /s/ L. RUSSELL HEALY L. Russell Healy Vice President and Controller February 27, 2007

Pacific Ethanol, Inc.

10-K 2006 Management - Internal Control Assessment

Management’s Report on Internal Control Over Financial Reporting Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. A material weakness in internal control over financial reporting is defined by the Public Company Accounting Oversight Board’s Audit Standard No. 2 as being a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements would not be prevented or detected. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the company’s ability to initiate, authorize, record, process, or report external financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the company’s annual

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or interim financial statements that is more than inconsequential will not be prevented or detected. Management assessed and evaluated the effectiveness of our internal control over financial reporting as of December 31, 2006. Based on the results of management's assessment and evaluation, our Chief Executive Officer and Acting Chief Financial Officer concluded that while certain of the remediation initiatives undertaken in response to material weaknesses identified and discussed below have been implemented, other remediation initiatives were either not fully implemented by December 31, 2006 or were completed thereafter, but before the filing of this report. Further, the material weakness identified as of December 31, 2005 as "The organization of our accounting department did not provide us with the appropriate resources and adequate technical skills to accurately account for and disclose our activities" continued to exist as of December 31, 2006, but management identified seven more specific material weaknesses relating to our internal control over financial reporting, as follows: (1) We had not effectively implemented comprehensive entity-level internal controls.

(2) We did not have a sufficient complement of personnel with appropriate training and experience in generally accepted accounting principals, or GAAP.

(3) We did not adequately segregate the duties of different personnel within our accounting group due to an insufficient complement of staff.

(4) We did not perform adequate oversight of certain accounting functions and maintained inadequate documentation of management review and approval of accounting transactions and financial reporting processes.

(5) We did not have adequate controls governing major account invoice processing and payment.

(6) We had not fully implemented certain control activities and capabilities included in the design of our enterprise resource platform, or ERP, system.

(7) We did not have adequate access and data and formulaic integrity controls over critical spreadsheets used in connection with accounting and financial reporting.

The foregoing material weaknesses are described in detail below under the caption "Material Weaknesses and Related Remediation Initiatives." As a result of these material weaknesses, our Chief Executive Officer and Acting Chief Financial Officer concluded that we did not maintain effective internal control over financial reporting as of December 31, 2006. In making its assessment of our internal control over financial reporting, management used criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in its Internal Control-Integrated Framework. Because of the material weaknesses described above, management believes that, as of December 31, 2006, we did not maintain effective internal control over financial reporting. A nationally-recognized independent consulting firm assisted management with its assessment of the effectiveness of our internal control over financial reporting, including scope determination, planning, staffing, documentation, testing, remediation and retesting and overall program management of the assessment project. Our independent auditors have issued an attestation report on management's assessment of our internal control over financial reporting. That report appears below under the caption, "Report of Independent Registered Public Accounting Firm." Inherent Limitations on the Effectiveness of Controls Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not

absolute, assurance that the objectives of the control systems are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in a cost-effective control system, no evaluation of internal control over financial reporting can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been or will be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Material Weaknesses and Related Remediation Initiatives (1) We had not effectively implemented comprehensive entity-level internal controls, as evidenced by the following deficiencies: · We did not maintain documentation evidencing quarterly or other meetings between the Audit Committee, senior financial managers and our General Counsel. Such meetings include reviewing and approving quarterly and annual filings with the Securities and Exchange Commission and reviewing on-going activities to determine if there are any potential audit related issues which may warrant involvement and follow-up action by the Audit Committee. We believe that we have fully implemented processes to create or maintain appropriate documentation. We anticipate that our updated controls will be tested and this deficiency will be remediated by June 30, 2007.

· We did not maintain documentation evidencing discussions comparing actual results to budgeted amounts between executive management and our Board of Directors. We believe that we have fully implemented processes to create or maintain appropriate documentation. We anticipate that our updated controls will be tested and this deficiency will be remediated by June 30, 2007. · We did not obtain prescribed attestations by executive management regarding their compliance with our Codes of Ethics or attestations of employees as to their understanding of and compliance with company policies related to their employment. Our standard operating procedures, or SOPs, are available to all employees through our intranet and our Codes of Ethics are available on our main website. We require all new employees to affirm in writing that they will read and abide by our SOPs. We anticipate that the steps necessary to address this deficiency will be fully implemented by June 30, 2007 and that our updated controls will be tested and this deficiency will be remediated by December 31, 2007. · We did not follow a formal fraud assessment process as prescribed by our SOPs. Our SOPs call for a quarterly fraud assessment as part of our financial closing procedures and an annual fraud assessment as part of the business planning process carried out by our management. We intend to modify our SOPs to assign responsibility for performing the quarterly and annual fraud risk assessments to the Internal Audit Director with review and approval by our Executive Committee. We anticipate that the steps necessary to address this deficiency will be fully implemented by June 30, 2007 and that our updated controls will be tested and this deficiency will be remediated by December 31, 2007. · We did not make available to management timely internal management reports, or to the extent available, we maintained insufficient auditable evidence of management's review and analysis of those reports. Management has directed that key performance indicators and other financial information be gathered and reported to our Executive Committee on a weekly basis. Management has initiated an effort to provide financial reports from our ERP system and its supporting financial management systems to appropriate members of the operational and financial management teams. This broadened reporting capability will require additional configuration of the appropriate systems and staff training in report writing tools. We expect that the timing of



these remediation efforts will be partly dependent on the timing of our hiring of a Chief Financial Officer and a Controller. However, we anticipate that the steps necessary to address this deficiency will be fully implemented by June 30, 2007 and that our updated controls will be tested and this deficiency will be remediated by December 31, 2007. · We did not fully implement or automate through our ERP system our SOP governing delegation of authority, which includes contract and spending limits for all transaction processing functions. Our SOP governing delegation of authority has been reviewed and approved by our management, Executive Committee and General Counsel. We have completed full implementation of an automation of our SOP governing delegation of authority within our ERP system. We anticipate that our updated controls will be tested and this deficiency will be remediated by June 30, 2007.

· We did not fully comply with SOPs prescribing deadlines and control activities related to our period-end closing and financial reporting processes during 2006. We have implemented measures to comply with our SOPs relating to deadlines and control activities related to our period-end closing and financial reporting processes. Our efforts include following detailed closing schedules and checklists and timely obtaining complete review and approval by management of all financial close documentation and results. We anticipate that our updated controls will be tested and this deficiency will be remediated by June 30, 2007. · We had not fully implemented the automated internal control capabilities in our ERP system, including change management and control processes, incident management and backup and recovery processes. We have implemented procedures to more rigorously track changes and document and report incidents as they occur in the areas of change and incident management. We have moved support of our financially material systems and servers to an outsourcer who will perform qualified backup and recovery and provide appropriate attestation that the controls are effective. We anticipate that the steps necessary to address this deficiency will be fully implemented by March 31, 2007 and that our updated controls will be tested and this deficiency will be remediated by June 30, 2007. · We did not conduct annual performance reviews or evaluations of our management and staff employees. We intend to perform appropriate reviews in 2007. We anticipate that our updated procedures will be tested and this deficiency will be remediated by December 31, 2007. (2) We did not have a sufficient complement of personnel with appropriate training and experience in GAAP, as evidenced by the following deficiencies: · Our former Chief Financial Officer functioned in that position through November 20, 2006 and retired on December 15, 2006. Our Audit Committee began transitioning the Chief Financial Officer's responsibilities to others starting on November 20, 2006 and ultimately delegated overall responsibility for accounting functions and reporting to our Acting Chief Financial Officer. Our Audit Committee also launched a recruitment effort in December 2006, and currently has a number of qualified candidates under evaluation for the Chief Financial Officer position. Most qualified candidates are currently employed by other public companies that are preparing annual reports. Accordingly, we do not expect to complete the hiring of a new Chief Financial Officer until the second quarter of 2007. We anticipate that this deficiency will be remediated by June 30, 2007. · The Controller position is currently open, and the Audit Committee and Executive Management are evaluating candidates. Our Director of Financial Reporting is currently filling the position as acting Controller, and a former Controller is reporting to him as acting Assistant Controller. We expect to fill the Controller position within 60 days from the filing of this report and anticipate that this deficiency will be remediated by June 30, 2007. · We believe that during 2006, and through December 31, 2006, the organization and supervision of our accounting department were inappropriate to the scale of our activities. Under the direction of our Acting Chief Financial Officer and Audit Committee, we have undertaken extensive training and reorganization of the accounting staff and allocated significant additional resources to the accounting department, including retaining additional contractors and consultants. We anticipate that the steps necessary to address this deficiency will be fully implemented and that this deficiency will be remediated by June 30,

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2007.

· As a result of too few accounting staff members, a variety of tasks were not completed on a timely basis. We continue to seek to hire qualified permanent staff members and we have engaged contract staff members. We have added personnel to our accounts payable and accounts receivable functions, our ethanol sales order process and our commodity management and financial close and reporting processes. We have added additional accounting staff members at our Madera County, California plant site and we plan to hire additional accounting staff members at all new plant sites as they come on-line. In addition, our financial closings are performed in accordance with a scheduled checklist and according to our financial controls. We anticipate that the steps necessary to address this deficiency will be fully implemented and that our updated controls will be tested and this deficiency will be remediated by June 30, 2007. (3) We did not adequately segregate the duties of different personnel within our accounting group due to an insufficient complement of staff and inadequate management oversight. Activities that were not adequately segregated included (a) processing of payments and making modifications to payments prior to issuance, and (b) payroll calculation and payroll processing. We are addressing these segregation issues through revised desk procedures and management and staff training. We anticipate that our updated controls will be tested and this deficiency will be remediated by June 30, 2007. (4) We did not perform adequate oversight of certain accounting functions and maintained inadequate documentation of management review and approval of accounting transactions and financial reporting processes. Our SOPs call for management oversight in a wide variety of transactions and activities to help ensure: (a) accurate entry of inputs into our ERP system that are used to automatically calculate amounts that are reported in our financial statements, (b) preparation and distribution of financial information and reports to operational management for review and approval, and (c) reconciliation of share-based payments. In addition, our SOPs call for documentation of management oversight of a wide variety of transactions and activities, including: (i) customer invoicing and adjustments to customer invoices, (ii) period-end closing processes, (iii) vendor invoices and payment processing, (iv) hedge effectiveness assessments and mark-to-market calculations, (v) payroll processing, and (vi) review of supporting documentation, including resolution of material issues, related to statements and reports filed with the Securities and Exchange Commission. Documentation is now created and maintained as part of management's routine review and approval process. We are also implementing appropriate management oversight and approval activities in other areas. We anticipate that the steps necessary to address this deficiency will be fully implemented and that our updated controls will be tested and this deficiency will be remediated by June 30, 2007. (5) We did not have adequate controls governing major account invoice processing and payment. Our SOPs provide for a number of procedures to be followed before cash can be remitted to suppliers. These procedures were occasionally bypassed in order to accelerate the payment by wire transfer of amounts owed to major suppliers. We have addressed this deficiency by implementing revised procedures that: (a) provide for all transactions to be processed through the ERP system, (b) assure that the prescribed purchase order, receiving, invoice processing and payment approval processes are followed before payment is remitted to a supplier, (c) restrict access to the recommended payment list within our ERP system, and (d) reconcile all wire transfers as part of the daily bank account reconciliation process. We anticipate that our updated controls will be tested and this deficiency will be remediated by June 30, 2007. (6) We had not fully implemented certain control activities and capabilities included in the design of our ERP system. Certain features of our ERP system are designed to automate accounting procedures and transaction processing, or to enforce controls, including features that enforce proper authorization of credit memos. We believe that we have fully implemented these features. We anticipate that our updated controls will be tested and this deficiency will be

remediated by June 30, 2007.

(7) We did not have adequate access and data and formulaic integrity controls over critical spreadsheets used in connection with accounting and financial reporting. Our SOPs call for access and data and formulaic integrity controls over critical spreadsheets used in connection with accounting and financial reporting. We have moved all spreadsheets that are used in our financial management and closing processes to a secured, shared server with access granted to a limited number of management-approved personnel. We have also begun to set passwords at the spreadsheet level to further limit access to critical information. We continue to review and plan for formal processes to ensure qualified review and approval of financial calculations and modifications to those calculations. We expect to revise our SOPs to enhance our internal controls in these regards. We expect that the timing of these remediation efforts will be partly dependent on the timing of our hiring of a Chief Financial Officer and a Controller. However, we anticipate that the steps necessary to address this deficiency will be fully implemented by June 30, 2007 and that our updated controls will be tested and this deficiency will be remediated by December 31, 2007. The above material weaknesses did not result in adjustments to our 2006 consolidated financial statements, however, it is reasonably possible that, if not remediated, one or more of the material weaknesses could result in a material misstatement in our reported financial statements that might result in a material misstatement in a future annual or interim period.