

Elastomers Holdings LLC
Form 424B2
March 16, 2012
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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-180113
333-180113-01
333-180113-02
333-180113-03
333-180113-04

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Amount to be Registered	Amount of Registration Fee⁽¹⁾⁽²⁾
<i>6.75% Senior Notes due 2019</i>	<i>\$100,000,000</i>	<i>\$11,460</i>

- (1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended (the Securities Act).
(2) A registration fee of \$11,460 has been paid with respect to this offering.

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PROSPECTUS SUPPLEMENT

(To Prospectus dated March 15, 2012)

\$100,000,000

Kraton Polymers LLC

Kraton Polymers Capital Corporation

6.75% Senior Notes due 2019

Payment of principal and interest unconditionally guaranteed by

Kraton Performance Polymers, Inc.

This is an offering by Kraton Polymers LLC (Kraton LLC) and Kraton Polymers Capital Corporation (Kraton Capital) and, together with Kraton Polymers LLC, the issuers) of \$100,000,000 of their 6.75% Senior Notes due 2019 (the additional notes). The additional notes constitute a further issuance of, and are fungible with, the \$250,000,000 aggregate principal amount of 6.75% Senior Notes due 2019 that we issued on February 11, 2011 (the existing notes) and form a single series of debt securities with the existing notes. The existing notes were issued in a private transaction in reliance on Rule 144A and Regulation S under the Securities Act of 1933, as amended (the Securities Act) and were subsequently exchanged in full for identical notes on June 13, 2011 in a registered exchange offer under the Securities Act. The existing notes are not, and the additional notes offered hereby will not be, subject to transfer restrictions, rights to additional interest or registration rights. Upon completion of this offering, the aggregate principal amount of outstanding 6.75% Senior Notes due 2019 will be \$350,000,000. Unless the context requires otherwise, references to the notes include the existing notes, the additional notes offered hereby and any further additional notes that may be issued under the indenture.

The additional notes will mature on March 1, 2019. The issuers will pay interest on the additional notes semi-annually in cash in arrears on March 1 and September 1 of each year, beginning on September 1, 2012, to the holders of record at the close of business on the preceding February 15 and August 15, respectively. Payment of all principal and interest will be guaranteed by Kraton Performance Polymers, Inc., the parent company of the issuers, and each of the issuers' wholly-owned domestic subsidiaries that guarantees Kraton Polymers LLC's senior secured credit facility.

The issuers may redeem the notes on or after March 1, 2015 at the redemption prices specified under Description of Notes Optional Redemption. In addition, the issuers may redeem up to 35% of the notes before March 1, 2014 with the net cash proceeds from certain equity offerings.

The additional notes and the guarantees will be unsecured obligations and will be pari passu in right of payment with all of the issuers' and the guarantors' existing and future senior unsubordinated debt, but will be effectively subordinated to all of the issuers' and guarantors' secured debt and all existing and future liabilities of non-guarantor subsidiaries, and will be senior in right of payment to all of the issuers' and the guarantors' existing and future subordinated indebtedness. The additional notes will be issued only in registered form in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

We expect to receive net proceeds of approximately \$98,750,000 from this offering (after giving effect to underwriting discounts and commissions and estimated expenses of the offering). See Use of Proceeds.

Investing in the additional notes involves risks that are described in the Risk Factors section beginning on page S-8 of this prospectus supplement.

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	Per Note	Total
Offering price (1)	101.250%	\$ 101,250,000
Underwriting discount	1.750%	\$1,750,000
Proceeds to issuers (before expenses)	99.500%	\$99,500,000

(1) Plus interest accrued on the notes from March 1, 2012, the last day on which interest was paid on the existing notes, to the date of the issuance of the additional notes offered hereby.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the notes to investors through the book-entry facilities of The Depository Trust Company and its direct participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, or Clearstream Banking, société anonyme, on or about March 20, 2012.

Joint Book-Running Managers

BofA Merrill Lynch

Credit Suisse

Goldman, Sachs & Co.

Macquarie Capital

Morgan Stanley

The date of this prospectus supplement is March 15, 2012.

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We have not authorized anyone to give any information or make any representation about the offering that is different from, or in addition to, that contained in this prospectus supplement, the accompanying base prospectus, the related registration statement or any of the materials that we have incorporated by reference into the foregoing. If you are in a jurisdiction where offers to sell, or solicitations of offers to purchase, the securities offered by these documents are unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in these documents does not extend to you. The information contained in these documents speaks only as of the date shown in these documents unless the information specifically indicates that another date applies.

WHERE YOU CAN FIND MORE INFORMATION

Kraton Performance Polymers Inc. (Kraton Performance Polymers) is subject to the full informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and as a result, files periodic reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). Kraton Performance Polymers also furnishes its stockholders with annual reports containing financial statements that have been examined and reported on, with an opinion expressed by an independent registered public accounting firm. You may read and copy the registration statement, including the exhibits to the registration statement, at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You can obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an internet site at www.sec.gov, from which you can electronically access the registration statement, including the exhibits to the registration statement.

Additionally, we maintain a web site at www.kraton.com. Information about us, including our reports filed with the SEC, is available through that site. Such reports are accessible at no charge through our web site and are made available as soon as reasonably practicable after such material is filed with or furnished to the SEC. Our web site and the information contained on that site, or connected to that site, are not incorporated by reference into this prospectus supplement or the accompanying base prospectus.

INDUSTRY AND MARKET DATA

We obtained the industry and market data used throughout this prospectus supplement from our own internal estimates and research as well as from industry and general publications and from research, surveys and studies conducted by third parties. We have not independently verified such data and we do not make any representation as to the accuracy or completeness of such information. While we are not aware of any misstatements regarding any industry, market or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings Cautionary Statement Regarding Forward-Looking Statements and Risk Factors in this prospectus supplement.

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INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

We incorporate by reference into this prospectus supplement and the accompanying base prospectus certain information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus supplement and the accompanying base prospectus. Certain information that we subsequently file with the SEC will automatically update and supersede information in this prospectus supplement and the accompanying base prospectus and in our other filings with the SEC. We incorporate by reference the documents listed below, which we have already filed with the SEC, and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, after the date of the initial registration statement and prior to the termination of this offering, except that we are not incorporating any information included in a Current Report on Form 8-K that has been or will be furnished (and not filed) with the SEC, unless such information is expressly incorporated herein by a reference to a furnished Current Report on Form 8-K or other furnished document:

Kraton Performance Polymers, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2011, as filed on February 29, 2012, and amended by Amendment No. 1 on Form 10-K/A, as filed on March 8, 2012;

Kraton Performance Polymers, Inc.'s Definitive Proxy Statement on Schedule 14A filed on April 8, 2011; and

Kraton Performance Polymers, Inc.'s Current Reports on Form 8-K as filed on February 22, 2012, March 5, 2012 and March 14, 2012.

Copies of these filings may be obtained at no cost by writing or calling us at the following address and telephone number:

Corporate Secretary

Kraton Performance Polymers, Inc.

15710 John F. Kennedy Blvd.

Suite 300

Houston, Texas 77032

Telephone: (281) 504-4700

The above filings are also available to the public on our website www.kraton.com. (We have included our website address as an inactive textual reference and do not intend it to be an active link to our website. Information on our website is not part of this prospectus supplement and the accompanying base prospectus.)

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements in this prospectus supplement, the accompanying prospectus, any free writing prospectus prepared by us and the documents incorporated herein and therein by reference contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We may also make written or oral forward-looking statements in our annual report on Form 10-K, quarterly reports on Form 10-Q or current reports on Form 8-K, in press releases and other written materials and in oral statements made by our officers, directors or employees to third parties. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements.

Forward-looking statements are often characterized by the use of words such as believes, estimates, expects, projects, may, intends, anticipates, or by discussions of strategy, plans or intentions and include statements regarding our general outlook ; our ability to obtain raw materials at competitive prices; anticipated benefits of or performance of our products; anticipated rates of growth, including sales growth and growth in product offerings through innovation; the impact of inflation on our results of operations and financial condition; our ability to realize certain deferred tax assets; estimates regarding the tax expense of repatriating certain cash and short-term investments related to foreign operations; expectations regarding our planned semi-works plant, including anticipated benefits of the facility; estimates related to the useful lives of certain assets for tax purposes; our anticipated dividend policy; adequacy of accruals for contingencies; anticipated growth in demand for Cariflex products; anticipated costs incurred by customers that switch vendors; costs, timing and plans related to our planned joint venture with Formosa Petrochemical Corporation and the related manufacturing facility; estimated future contributions to and assumptions regarding our employee benefit plans; adequacy of cash flows to fund working capital and anticipated capital expenditures; and expectations regarding counterparties ability to perform. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or our achievements, or industry results, to differ materially from historical results, any future results, or performance or achievements expressed or implied by such forward-looking statements. There are a number of risks and uncertainties that could cause our actual results to differ materially from our forward-looking statements. Important factors that could cause our actual results to differ materially from those expressed as forward-looking statements include but are not limited to those under the heading Risk Factors. There may be other factors of which we are currently unaware or deem immaterial that may cause our actual results to differ materially from the forward-looking statements.

Forward-looking statements are based on current plans, estimates and projections, and, therefore, you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them publicly in light of new information or future events. You should fully consider the Risk Factors and subsequent public statements, or reports filed with or furnished to the SEC, before making any investment decision with respect to our securities. If any of these trends, risks, assumptions or uncertainties actually occurs or continues, our business, financial condition or operating results could be materially adversely affected, the trading prices of our securities could decline and you could lose all or part of your investment. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.

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SUMMARY

This summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This is not intended to be a complete description of the matters covered in this prospectus supplement and the accompanying prospectus and is subject to, and qualified in its entirety by reference to, the more detailed information and financial statements (including the notes thereto) included or incorporated by reference in this prospectus supplement and the accompanying prospectus. Unless otherwise indicated, all references to Kraton, Kraton Performance Polymers, our company, we, ours or us refer to Kraton Performance Polymers, Inc., the issuers' parent company and a guarantor of the notes, together with its consolidated subsidiaries; Kraton LLC refers to Kraton Polymers LLC, the issuer of the notes, and its consolidated subsidiaries; all references to Kraton Capital refer to Kraton Polymers Capital Corporation, a wholly owned subsidiary of Kraton Polymers LLC and the co-issuer of the notes; all references to Issuers refer to Kraton Polymers LLC and Kraton Polymers Capital Corporation; the SBC industry refers to the elastomeric styrenic block copolymers industry and does not include the high styrene or rigid SBC business; all references to the accompanying prospectus are to the prospectus dated March 15, 2012.

Our Company

We are a leading global producer of styrenic block copolymers (SBCs) and other engineered polymers. We market our products under the Kraton® brand. SBCs are highly-engineered synthetic elastomers, which we invented and commercialized almost 50 years ago, that enhance the performance of numerous end use products by imparting greater flexibility, resilience, strength, durability and processability. Our SBC polymers are typically formulated or compounded with other products to achieve improved, customer specific performance characteristics in a variety of applications. We focus on the end use markets we believe offer the highest growth potential and greatest opportunity to differentiate our products from competing products. Within these end use markets, we provide our customers with a broad portfolio of highly-engineered polymers that we believe are value-enhancing and, in many cases, critical to the performance of their products. We seek to maximize the value of our product portfolio by emphasizing complex or specialized polymers and innovations that yield higher margins than more commoditized products. We sometimes refer to these complex or specialized polymers or innovations as being more differentiated. Our products are typically developed using our proprietary, and in many cases patent-protected, technology and require significant engineering, testing and certification. In 2011, we were awarded 79 patents for new products or applications and at December 31, 2011, we had 1,136 granted patents and 286 pending patent applications. We believe our almost 50-year track record of innovation, long-standing customer relationships and global infrastructure position us well to successfully execute our strategies.

Our SBC products are found in many everyday applications, including disposable diapers, the rubberized grips of toothbrushes, razor blades and power tools and asphalt formulations used to pave roads. We also produce Cariflex isoprene rubber (IR) and isoprene rubber latex (IRL). Our Cariflex™ products are highly-engineered, non-SBC synthetic substitutes for natural rubber latex. Our IRL products, which have not been found to contain the proteins present in natural rubber latex and are, therefore, not known to cause allergies, are used in applications such as surgical gloves and condoms. We believe the versatility of IRL provides opportunities for new, high-margin applications. In addition to IRL, we have a portfolio of innovations at various stages of development and commercialization, including polyvinyl chloride (PVC), alternatives for wire, cable and medical applications, and polymers for use in slush molding for automotive applications, and our Nexar™ family of membrane polymers for applications such as water filtration and breathable fabrics.

Our total capacity as of December 31, 2011 was approximately 420 kilotons. We generated approximately \$1,437.5 million of sales revenue and 303.0 kilotons of sales volume for the year ended December 31, 2011. In 2011, we generated 14.3% of our sales revenue from innovation-driven revenue, which we define as revenue from products or applications introduced in the preceding five years. Our customers are

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diversified by industry and geography with more than 800 customers in over 60 countries. We manufacture our polymers at five manufacturing facilities globally, including our flagship facility in Belpre, Ohio, as well as facilities in Germany, France, Brazil, and Japan. The facility in Japan is operated by an unconsolidated manufacturing joint venture.

We have had relationships with many of our customers for 15 years or more and work closely with our customers to design products that meet application-specific performance and quality requirements. We have a diverse customer base, with no single customer accounting for more than 10.0% of our sales revenue in 2011 and our top 10 customers together representing approximately 29.2% of our sales revenues in 2011. Because of the technical expertise and investment required to develop many of our product formulations and the lead times required to replace them, our customers would likely incur additional costs by changing to an alternative vendor.

Over the past several years, we have implemented a range of strategic initiatives designed to enhance our profitability and end use market position. These include fixed asset investments to expand our capacity in specialized products, to enhance productivity at our existing facilities and to reduce our fixed costs through headcount reductions, production line closures at our Pernis, the Netherlands, facility (Pernis) and system upgrades. During this period, we have substantially exited the footwear applications business, which typically yielded lower margins than our other core end use markets, and implemented pricing strategies designed to enhance our overall margins and return on invested capital. We believe these initiatives provide us with a platform to benefit from volume growth that may occur in our end use markets.

Corporate and Other Information

Our business is conducted through Kraton Polymers LLC, a Delaware limited liability company and the issuer of the notes offered hereby, and its consolidated subsidiaries. Prior to its initial public offering, our parent company was Polymer Holdings LLC, a Delaware limited liability company. On December 16, 2009, Polymer Holdings LLC, or Polymer Holdings, was converted from a Delaware limited liability company to a Delaware corporation and renamed Kraton Performance Polymers, Inc., which remains our parent company. Trading in common stock of Kraton Performance Polymers on the New York Stock Exchange commenced on December 17, 2009 under the symbol KRA.

Kraton Polymers Capital Corporation, or Kraton Capital, exists solely for the purpose of serving as a co-issuer of the notes. Kraton Capital does not have any substantial operations or assets and will not have any revenues. As a result, prospective purchasers of the notes should not expect Kraton Capital to participate in servicing the interest and principal obligations of the notes.

Our principal executive offices are located at 15710 John F. Kennedy Boulevard, Suite 300, Houston, Texas 77032, and our telephone number is (281) 504-4700. Our corporate web site address is www.kraton.com. We do not incorporate the information contained on, or accessible through, our corporate web site into this prospectus, and you should not consider it part of this prospectus supplement or the accompanying prospectus.

Recent Developments

Establishment of a Joint Venture Framework with Formosa Petrochemical Corporation. In July 2011, we announced the execution of a framework agreement with Formosa Petrochemical Corporation (FPCC), a leading global petrochemicals and plastics manufacturer, which sets forth the major terms and conditions that would, upon completion of the necessary definitive agreements, govern the formation of a 50/50 joint venture between the two companies to construct and operate a 30 kiloton HSBC plant to be located on FPCC s industrial site in Mailiao, Taiwan. Pursuant to the terms of the framework agreement, the plant would incorporate our proprietary polymerization technology, and produce our more differentiated HSBC polymer grades. The plant would be operated by the joint venture, and we would undertake the global marketing of all

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products manufactured at the facility. Currently, we are conducting an engineering estimate for the project, which we expect will be completed in March 2012 and will provide data to estimate narrower ranges of total project cost and timing. At this time, we anticipate the total project cost estimate will reflect at least \$200.0 million. We currently estimate our share of the funding for the joint venture would be approximately \$70.0 million in 2012. This estimate is dependent on a number of factors, including final project cost, timing, and the extent to which the project can be funded through third party debt financing, which will impact the equity contributions to be made by us and FPCC. We currently anticipate funding our 2012 contributions with available liquidity and/or through alternative incremental funding sources, including, with the proceeds of this offering.

Certain required approvals from the Taiwanese environmental authorities remain pending, although we previously obtained approval from the Fair Trade Commission in Taiwan in October 2011. While we are currently targeting to have the plant operational in the first half of 2014, we cannot be certain that we will be able to acquire all necessary permitting or other approvals for the construction of the facility in a timely fashion, if at all, or that the facility will be successfully constructed and operated within our expected timeframe or budget or yield expected results.

In addition, although we are currently in the process of negotiating definitive documentation, the framework agreement expires on March 31, 2012 and we may not be able to negotiate and enter into definitive agreements regarding this joint venture on a timely basis or at all. In the event that we are not able to consummate this joint venture for any of the foregoing reasons, we expect to pursue other possibilities to build a production facility in Asia, which may be structured as a joint venture or without a joint venture partner.

Amendment to the Credit Agreement. Concurrently with the offering, we expect to enter into an amendment (the *Amendment*) to our 2011 Credit Agreement, among Kraton LLC, as borrower, Kraton Performance Polymers, as guarantor, certain subsidiaries of Kraton Performance Polymers (excluding Kraton LLC), as additional guarantors, Bank of America, N.A. as Administrative Agent and Collateral Agent, and the other lenders party thereto (the *Credit Agreement*) to, among other things, facilitate the Company's ability to pursue a new manufacturing facility by providing for an additional \$50.0 million in investment capacity for certain investments and a \$75.0 million increase to the capital expenditures basket under certain circumstances. Additionally, the Amendment provides for certain modifications to the consolidated net leverage ratio we are required to maintain and provides that certain guarantees by the borrower or any of its domestic subsidiaries not to exceed \$100.0 million shall not constitute indebtedness for purposes of compliance with certain financial covenants.

Outlook. Prices for our primary raw materials continue to be volatile in the first quarter of 2012 as evidenced by the North America contract price for butadiene increasing from \$0.98 per pound in December 2011 to \$1.46 per pound in March 2012. These raw material price increases reflect multiple planned cracker capacity outages in particular in Asia in the first quarter 2012 combined with the increase in crude oil prices. As a consequence, we currently anticipate that our cost of goods sold on a FIFO basis will be slightly lower than cost of goods sold would have otherwise been on an estimated current replacement cost basis.

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The Offering

Issuers	Kraton Polymers LLC, a Delaware limited liability company, and Kraton Polymers Capital Corporation, a Delaware corporation.
Securities Offered	<p>\$100,000,000 aggregate principal amount of 6.75% Senior Notes due 2019 (the "additional notes").</p> <p>The additional notes constitute a further issuance of, and are fungible with, the \$250,000,000 aggregate principal amount of 6.75% Senior Notes due 2019 that the Issuers issued on February 11, 2011 (the "existing notes"), and collectively with the existing notes and any further additional notes issued under the indenture, the "notes") and form a single series of debt securities with the existing notes. The existing notes were issued in a private transaction in reliance on Rule 144A and Regulation S under the Securities Act of 1933, as amended (the "Securities Act") and were subsequently exchanged in full for identical notes on June 13, 2011 in a registered exchange offer under the Securities Act. The existing notes are not, and the additional notes offered hereby will not be, subject to transfer restrictions, rights to additional interest or registration rights.</p>
Maturity Date	March 1, 2019.
Interest Rate	6.75% per annum, payable semi-annually in arrears on March 1 and September 1 of each year, commencing on September 1, 2012.
Guarantees	The additional notes will be guaranteed on an unsecured senior basis by Kraton Performance Polymers, Inc., the Issuers' parent company, and each of the Issuers' wholly owned domestic subsidiaries that guarantee Kraton Polymers LLC's senior secured credit facility.
Ranking	<p>The additional notes will be general unsecured obligations of the Issuers and the guarantees will be general unsecured obligations of the guarantors and they will rank:</p> <p style="padding-left: 40px;"><i>pari passu</i> in right of payment with all existing and future senior unsubordinated indebtedness of the Issuers and the guarantors;</p> <p style="padding-left: 40px;">effectively subordinated to all of the secured debt of the Issuers and all existing and future liabilities of non-guarantor subsidiaries; and</p> <p style="padding-left: 40px;">senior in right of payment to all existing and future subordinated indebtedness of the Issuers and the guarantors.</p>
Form and Denomination	The additional notes will be issued in fully-registered form. The additional notes will be represented by one or more global notes, deposited with the trustee, as custodian for the Depository Trust Company (the "DTC") and registered in the name of Cede & Co., DTC's nominee. Beneficial interests in the global notes will be shown on, and any transfers will be effective only through, records maintained by DTC and its participants.

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The additional notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

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Optional Redemption

Prior to March 1, 2014, the Issuers may redeem up to 35% of the outstanding notes with the net proceeds of certain equity offerings at 106.75% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the date of redemption.

Prior to March 1, 2015, the notes may be redeemed at the option of the Issuers at a redemption price equal to 100% of the principal amount of the notes, plus an applicable make-whole premium and accrued and unpaid interest, if any, to the date of redemption.

On or after March 1, 2015, the notes may be redeemed at the option of the Issuers at the redemption dates and at the redemption prices specified under Description of Notes Optional Redemption.

Change of Control

If we experience a defined change of control, the Issuers may be required to repurchase the notes at a price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the date of the repurchase.

Certain Covenants

The additional notes will be issued under an indenture containing certain covenants that, among other things, limit our and our restricted subsidiaries' ability to:

incur or guarantee additional indebtedness or issue preferred stock;

conduct certain asset sales;

pay dividends or distributions on, or redeem or repurchase, our capital stock;

make certain investments;

create liens on our assets;

merge or consolidate or sell all or substantially all of our assets;

enter into transactions with affiliates; and

create restrictions on the payment of dividends or other amounts to the Issuers.

These covenants are subject to important exceptions and qualifications. See Description of Notes Certain Covenants.

No Public Market

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We do not intend to apply for the additional notes to be listed on any securities exchange or to arrange for quotation on any automated dealer quotation system. The underwriters have advised us that they intend to continue to make a market in the notes, but they are not obligated to do so and may discontinue any market making in the notes at any time, in their sole discretion. Accordingly, there can be no assurance as to the development or liquidity of any market for the notes.

Governing Law

The notes are governed by, and construed in accordance with, the internal laws of the State of New York.

Book-Entry Depository

The Depository Trust Company.

Trustee

Wells Fargo Bank, National Association.

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Risk Factors

See **Risk Factors** for a discussion of factors you should consider carefully before deciding to invest in the additional notes.

Use of Proceeds

We expect to receive net proceeds of approximately \$98,750,000 from this offering (after giving effect to underwriting discounts and commissions and estimated expenses of the offering). We intend to use the proceeds of this offering for general corporate purposes, which may include funding for capital expenditures or investments, including, among other things, a portion of our proposed new hydrogenated SBC (HSBC) manufacturing facility. For more information relating to our proposed manufacturing facility in Asia, please see **Summary Recent Developments**.

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The table below sets forth Kraton Performance Polymers' summary consolidated historical financial data for the periods indicated. The summary consolidated historical financial data presented below for the years ended December 31, 2011, 2010 and 2009 and as of December 31, 2011, 2010 and 2009 have been derived from Kraton Performance Polymers' audited consolidated financial statements, which are incorporated by reference in this prospectus supplement. The summary consolidated historical financial data presented below for the years ended December 31, 2008 and 2007 and as of December 31, 2009, 2008 and 2007 have been derived from Kraton Performance Polymers' audited consolidated financial statements that are not incorporated in this prospectus supplement and the accompanying prospectus by reference.

The summary consolidated financial information and other data presented below should be read in conjunction with our consolidated financial statements, including the notes thereto, and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," all of which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, which is incorporated by reference in this prospectus supplement. This historical consolidated financial data is not necessarily indicative of our future performance.

	2011	2010	Years ended December 31,		2007
			2009	2008	
			(in thousands)		
Consolidated statements of operations data:					
Sales	\$ 1,437,479	\$ 1,228,425	\$ 920,362	\$ 1,171,253	\$ 1,066,044
Other (1)	0	0	47,642	54,780	23,543
Total operating revenues	1,437,479	1,228,425	968,004	1,226,033	1,089,587
Cost of goods sold	1,121,293	927,932	792,472	971,283	938,556
Gross profit	316,186	300,493	175,532	254,750	151,031
Operating expenses					
Research and development	27,996	23,628	21,212	27,049	24,865
Selling, general and administrative	101,606	92,305	79,504	101,431	69,020
Depreciation and amortization	62,735	49,220	66,751	53,162	51,917
Total operating expenses	192,337	165,153	167,467	181,642	145,802
Gain (loss) on extinguishment of debt	(2,985)	0	23,831	0	0
Earnings of unconsolidated joint venture (2)	529	487	403	437	626
Interest expense, net	29,884	23,969	33,956	36,695	43,484
Income (loss) before income taxes	91,509	111,858	(1,657)	36,850	(37,629)
Income tax expense (benefit)	584	15,133			