LYONDELL CHEMICAL CO
Form 424B3
September 15, 2011

Table of Contents

Filed Pursuant to Rule 424(b)(3)
File No. 333-175077

PROSPECTUS

LYONDELL CHEMICAL COMPANY

OFFER TO EXCHANGE

$1,822,500,000 8% Senior Secured Notes Due 2017
303,750,000 8% Senior Secured Notes Due 2017

FOR

$1,822,500,000 8% Senior Secured Notes Due 2017
303,750,000 8% Senior Secured Notes Due 2017
that have been registered under the Securities Act of 1933

The Exchange Offer:

The exchange offer is not conditional upon any minimum principal amount of outstanding dollar denominated 8% Senior Secured Notes due 2017 (the outstanding dollar notes) and Euro denominated 8% Senior Secured Notes due 2017 (the outstanding Euro notes, and together with the outstanding dollar notes, the outstanding notes) being tendered for exchange.

Tenders of outstanding notes may be withdrawn at any time prior to the expiration of the exchange offer.

The exchange offer expires at 12:00 a.m., New York City time, on October 13, 2011, unless extended. We do not currently intend to extend the expiration date.

The exchange of outstanding notes will not be a taxable event for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

The Exchange Notes

The terms of the exchange notes to be issued in exchange for the outstanding dollar notes (the exchange dollar notes) are identical to the outstanding dollar notes and the terms of the exchange notes to be issued in the exchange offer for the outstanding Euro notes (the exchange Euro notes, together with the exchange dollar notes, the exchange notes) are identical to the terms of the outstanding notes, except, in each case, that the exchange notes will be registered under the Securities Act of 1933 and will not contain restrictions on transfer, registration rights or provisions for additional interest.

The exchange notes are jointly and severally, and fully and unconditionally, guaranteed by LyondellBasell Industries N.V. and certain of its subsidiaries.

Resale of Exchange Notes

We intend to list the exchange notes on the Singapore Exchange Securities Traded Limited (the SGX-ST).

Broker-dealers who receive exchange notes pursuant to the exchange offer acknowledge that they will deliver a prospectus in connection with any resale of such exchange notes.

Broker-dealers who acquired outstanding notes as a result of market-making or other trading activities may use this prospectus for the exchange offer, as supplemented or amended, in connection with resales of the exchange notes.

You should consider carefully the risk factors beginning on page 12 of this prospectus before participating in the exchange offer.

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

The date of this prospectus is September 15, 2011

TABLE OF CONTENTS

	Page
WHERE TO FIND MORE INFORMATION	ii
CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS	1
PROSPECTUS SUMMARY	3
RISK FACTORS	12
USE OF PROCEEDS	32
HISTORICAL AND SELECTED FINANCIAL INFORMATION	33
MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	36
DESCRIPTION OF BUSINESS	79
DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE	110
EXECUTIVE COMPENSATION	126
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	147
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	149
DESCRIPTION OF OTHER INDEBTEDNESS	152
DESCRIPTION OF THE EXCHANGE NOTES	156
THE EXCHANGE OFFER	239
BOOK-ENTRY; DELIVERY AND FORM	248
UNITED STATES FEDERAL INCOME TAX CONSEQUENCES	252
PLAN OF DISTRIBUTION	253
LEGAL MATTERS	254
EXPERTS	254
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS	F-1
ANNEX A: LETTER OF TRANSMITTAL	A-1

This prospectus is part of a registration statement we filed with the Securities and Exchange Commission (the Commission or SEC). In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus and in the accompanying letter of transmittal. We have not authorized anyone to provide you with any other information. We are not making an offer to sell these securities or soliciting an offer to buy these securities in any jurisdiction where an offer or solicitation is not authorized or in which the person making that offer or solicitation is not qualified to do so or to anyone whom it is unlawful to make an offer or solicitation. You should not assume that the information contained in this prospectus is accurate as of any date other than its respective date.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act of 1933, as amended (the Securities Act). This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for outstanding notes where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, starting on the expiration date and ending on the close of business on the first anniversary of the expiration date, it will make this

prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

Table of Contents

WHERE TO FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-4 (Reg. No. 333-175077) with respect to the securities being offered hereby. This prospectus does not contain all of the information contained in the registration statement, including the exhibits and schedules. You should refer to the registration statement, including the exhibits and schedules, for further information about us and the securities being offered hereby. Statements we make in this prospectus about certain contracts or other documents are not necessarily complete. When we make such statements, we refer you to the copies of the contracts or documents that are filed as exhibits to the registration statement because those statements are qualified in all respects by reference to those exhibits. As described below, the registration statement, including exhibits and schedules, is on file at the offices of the SEC and may be inspected without charge or may be obtained without charge to holders of outstanding notes upon written or oral request made to Lyondell Chemical Company. To obtain timely delivery of any requested information, holders of outstanding notes must make any request no later than five business days prior to the expiration of the exchange offer. To obtain timely delivery, you must request the information no later than October 5, 2011.

We are subject to the information requirements of the Securities Exchange Act of 1934, and in accordance therewith we are required to file reports, proxy and information statements and other information with the Securities and Exchange Commission. You can inspect and copy these materials at the public reference facilities maintained by the Commission at 100 F Street, N.E., Washington DC 20549. You may obtain information regarding the operation of the public reference facilities by calling the Commission at 1-800-SEC-0330. You can obtain electronic filings made through the Electronic Data Gathering, Analysis and Retrieval System at the Commission s web site, *http://www.sec.gov*. We also post materials we have filed with the Commission on our website at www.lyondellbasell.com as soon as practicable after filing.

You may request a copy of this information, the exchange offer registration statement, and the Commission filings at no cost, by writing or telephoning us at the following address:

Lyondell Chemical Company
1221 McKinney Street, Suite 700
Houston, Texas 77010
(713) 309-7200
Attn: Corporate Secretary

ENFORCEABILITY OF CIVIL LIABILITIES AGAINST FOREIGN PERSONS

Lyondell Chemical Company is an entity incorporated under the laws of the state of Delaware. However, LyondellBasell Industries N.V. is organized under the laws of The Netherlands. LyondellBasell Industries N.V. has agreed, in accordance with the terms of the indenture under which the exchange notes will be issued, to accept service of process in any suit, action or proceeding with respect to the indenture or the exchange notes brought in any federal or state court located in New York City by an agent designated for such purpose, and to submit to the jurisdiction of such courts in connection with such suits, actions or proceedings. However, it may be difficult for securityholders to enforce judgments of courts of the U.S. predicated upon the civil liability provisions of the U.S. federal securities laws against certain of LyondellBasell Industries N.V. s assets. A judgment of a U.S. court based solely upon civil liability under those laws may be unenforceable outside of the U.S. In addition, awards of punitive damages in actions brought in the U.S. or elsewhere may be unenforceable in jurisdictions outside of the U.S.

TRADEMARKS

We own or have rights to trademarks or trade names that we use in conjunction with the operation of our businesses. In addition, our names, logos and website names and addresses are our service marks or trademarks. Some of the more important trademarks that we own or to which we have rights include

Table of Contents

Alastian®, Avant®, CatalloyTM, Deflex®, Equistar®, GlacidoTM, Hostalen®, Indure®, Isomplus®, LupotechTM, MetoceneTM, Sequel®, SphereleneTM, Spheripol®, Spherizone®, SuperflexTM and VacidoTM. Each trademark, trade name or service mark by any other company appearing in this prospectus belongs to its holder.

SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

We intend to apply with the Singapore Exchange Securities Trading Limited (SGX-ST) for permission to list the exchange notes on the SGX-ST. Such permission will be granted when Lyondell Chemical Company has been admitted to the Official List. Acceptance of applications will be conditional upon issue of the exchange notes and upon permission being granted to list all exchange notes of Lyondell Chemical Company.

The SGX-ST assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this prospectus. Admission to the Official List is not to be taken as an indication of the merits of Lyondell Chemical Company or the exchange notes.

Table of Contents

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements, which can be identified by the words anticipate, estimate, believe, continue, could, intend, may, plan, potential, predict, should, will, expect, objective, guidance, outlook, effort, target and similar expressions.

We based the forward-looking statements on our current expectations, estimates and projections about ourselves and the industries in which we operate in general. We caution you these statements are not guarantees of future performance as they involve assumptions that, while made in good faith, may prove to be incorrect, and involve risks and uncertainties we cannot predict. In addition, we based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, our actual outcomes and results may differ materially from what we have expressed or forecast in the forward-looking statements. Any differences could result from a variety of factors, including the following:

- if we are unable to comply with the terms of our credit facilities and other financing arrangements, those obligations could be accelerated, which we may not be able to repay;
- we may be unable to incur additional indebtedness or obtain financing on terms that we deem acceptable, including for refinancing of our current obligations; higher interest rates and costs of financing would increase our expenses;
- our ability to implement business strategies may be negatively affected or restricted by, among other things, governmental regulations or policies;
- the cost of raw materials represent a substantial portion of our operating expenses, and energy costs generally follow price trends of crude oil and natural gas; price volatility can significantly affect our results of operations and we may be unable to pass raw material and energy cost increases on to our customers;
- industry production capacities and operating rates may lead to periods of oversupply and low profitability;
- uncertainties associated with worldwide economies create increased counterparty risks, which could reduce liquidity or cause financial losses resulting from counterparty exposure;
- the negative outcome of any legal, tax and environmental proceedings may increase our costs;
- we may be required to reduce production or idle certain facilities because of the cyclical and volatile nature of the supply-demand balance in the chemical and refining industries, which would negatively affect our operating results;
- we may face operating interruptions due to events beyond our control at any of our facilities, which would negatively impact our operating results, and because the Houston refinery is our only North American refining operation, we would not have the ability to increase production elsewhere to mitigate the impact of any outage at that facility;
- regulations may negatively impact our business by, among other things, restricting our operations, increasing costs of operations or requiring significant capital expenditures;

we face significant competition due to the commodity nature of many of our products and may not be able to protect our market position or otherwise pass on cost increases to our customers;

we rely on continuing technological innovation, and an inability to protect our technology, or others technological developments could negatively impact our competitive position; and

we are subject to the risks of doing business at a global level, including fluctuations in exchange rates, wars, terrorist activities, political and economic instability and disruptions and changes in governmental

Table of Contents

policies, which could cause increased expenses, decreased demand or prices for our products and/or disruptions in operations, all of which could reduce our operating results.

Any of these factors, or a combination of these factors, could materially affect our future results of operations (including those of our joint ventures) and the ultimate accuracy of the forward-looking statements. These forward-looking statements are not guarantees of future performance, and our actual results and future developments (including those of our joint ventures) may differ materially from those projected in the forward-looking statements. Our management cautions against putting undue reliance on forward-looking statements or projecting any future results based on such statements or present or prior earnings levels.

All subsequent written and oral forward looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section and any other cautionary statements that may accompany such forward looking statements. Except as otherwise required by applicable law, we disclaim any duty to update any forward looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this prospectus.

Table of Contents

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that may be important to you. You should read the entire prospectus, including the financial data and related notes and the information incorporated by reference into this prospectus, before making an investment decision. In this prospectus, the terms our, we, us, LyondellBasell, the Company, and similar terms refer to LyondellBasell Industries N.V. and include all of our consolidated subsidiaries unless the context requires otherwise. When we use Lyondell Chemical or LCC, we are referring to our wholly owned subsidiary and the issuer of the outstanding notes and the exchange notes, Lyondell Chemical Company. Finally, the term you refers to a holder of the outstanding notes or the exchange notes.

In this prospectus we refer to the notes to be issued in the exchange offer as the exchange notes and the notes issued on April 8, 2010 as the outstanding notes. We refer to the exchange notes and the outstanding notes collectively as the notes.

The Company

Overview

We are the world s third largest independent chemical company based on revenues and an industry leader in many of our product lines. We are a top worldwide producer of propylene oxide (PO), polyethylene (PE), ethylene and propylene and the world s largest producer of polypropylene and polypropylene compounds (PP compounds). Additionally, we are a leading provider of technology licenses and a supplier of catalysts for polyolefin production. Our refinery in Houston, Texas (the Houston Refinery) is among North America s largest full conversion refineries capable of processing significant quantities of heavy, high-sulfur crude oil. We participate in the full petrochemical value chain, from refining to specialized end uses of petrochemical products, and we believe that our vertically integrated facilities, broad product portfolio, manufacturing flexibility, superior technology base and operational excellence allow us to extract value across the full value chain.

Emergence from Chapter 11 Proceedings

We were formed to serve as the parent holding company for certain subsidiaries of LyondellBasell Industries AF S.C.A. (LyondellBasell AF) after completion of proceedings under chapter 11 of title 11 of the U.S. Bankruptcy Code. LyondellBasell AF and 93 of its subsidiaries were debtors (the Debtors) in jointly administered bankruptcy cases (the Bankruptcy Cases) in the U.S. Bankruptcy Court in the Southern District of New York (the Bankruptcy Court). Other subsidiaries of LyondellBasell AF were not involved in the Bankruptcy Cases. On April 23, 2010, the Bankruptcy Court approved our Third Amended and Restated Plan of Reorganization and we emerged from bankruptcy on April 30, 2010 (the date of our emergence from bankruptcy being the Emergence Date).

Prior to the Emergence Date, we had not conducted any business operations. Accordingly, unless otherwise noted or suggested by context, all financial information and data and accompanying financial statements and corresponding notes, as of and prior to the Emergence Date, as contained in this prospectus, reflect the actual historical consolidated results of operations and financial condition of LyondellBasell AF for the periods presented and do not give effect to the Plan of Reorganization or any of the transactions contemplated thereby or the adoption of fresh-start accounting. Thus, such financial information may not be representative of our performance or financial condition after the Emergence Date. Except with respect to such historical financial information and data and accompanying financial statements and corresponding notes or as otherwise noted or suggested by the context, all other information contained

in this prospectus relates to us and our subsidiaries following the Emergence Date.

As of the Emergence Date, LyondellBasell AF s equity interests in its indirect subsidiaries terminated and we now own and operate, directly and indirectly, substantially the same business as LyondellBasell AF owned and operated prior to emergence from the Bankruptcy Cases. References herein to our historical consolidated

Table of Contents

financial information (or data derived therefrom) for periods prior to May 1, 2010 should be read to refer to the historical financial information of LyondellBasell AF.

We are the successor to the combination in December 2007 of Lyondell Chemical Company (Lyondell Chemical) and Basell AF S.C.A. (Basell), which created one of the world s largest private petrochemical companies with significant worldwide scale and leading product positions.

General Corporate Information

We are a public company with limited liability (*naamloze vennootschap*) incorporated under Dutch law by deed of incorporation dated October 15, 2009.

Lyondell Chemical s executive offices are located at 1221 McKinney Street, Suite 700, Houston, Texas 77010. Our telephone number at our Houston office is (713) 309-7200. LyondellBassell Industries N.V. s corporate seat is located at Weena 737, 3013 AM Rotterdam, The Netherlands. Our website address is www.lyondellbasell.com. The information in our website is not part of, or incorporated by reference into, this prospectus.

Table of Contents

The Exchange Offer

On April 8, 2010, Lyondell Chemical completed the private offering of the $2,250,000,000 outstanding dollar notes and the 375,000,000 outstanding Euro notes. In December 2010, Lyondell Chemical redeemed $225,000,000 outstanding dollar notes and 37,500,000 outstanding Euro notes and in May 2011, redeemed an additional $202,500,000 outstanding dollar notes and 33,750,000 outstanding Euro notes.

In connection with the private offering, LyondellBasell, Lyondell Chemical and certain of LyondellBasell s subsidiaries executed a registration rights agreement with the initial purchasers in the private offering of the outstanding notes in which we agreed to deliver to you this prospectus with respect to the outstanding notes and agreed to use our reasonable best efforts to file and cause to become effective with the Commission an exchange offer registration statement.

The Exchange Offer	We are offering to exchange your outstanding notes for a like principal amount of exchange notes, which are identical in all material respects, except: the exchange notes have been registered under the Securities Act; the exchange notes are not subject to transfer restrictions or entitled to registration rights; and the exchange notes are not entitled to additional interest provisions applicable to the outstanding notes in some circumstances relating to the timing of the exchange offer.
Expiration Date	The exchange offer will expire at 12:00 a.m., New York City time, on October 13, 2011, unless we decide to extend it.
Resales of Exchange Notes	Based on interpretations by the Commission staff set forth in no action letters, we believe that after the exchange offer you may offer and sell the exchange notes without complying with the registration and prospectus delivery provisions of the Securities Act so long as: you acquire the exchange notes in the ordinary course of business; you do not have an arrangement with another person to participate in a distribution of the exchange notes; you are not engaged in a distribution of, nor do you intend to distribute, the exchange notes; and if you are a broker-dealer, that you will receive exchange notes for your own account in exchange for outstanding notes that were acquired as a result of market-making activities or other trading activities and that you will deliver a prospectus (or, to the extent permitted by law, make available a prospectus) in connection with any resale of such exchange notes.

When you tender the outstanding notes, we will ask you to represent to us that:

you are not our affiliate as defined in Rule 405 of the Securities Act;

you will acquire the exchange notes in the ordinary course of business; and

Table of Contents

	you have not engaged in, do not intend to engage in, nor have any arrangements or understanding with another person to participate in, a distribution of the exchange notes. If you are unable to make these representations, you will be required to comply with the registration and prospectus delivery requirements under the Securities Act in connection with any resale transaction. If you are a broker-dealer and receive exchange notes for your own account, you must acknowledge that you will deliver a prospectus if you resell the exchange notes. By acknowledging your intent and delivering a prospectus you will not be deemed to admit that you are an underwriter under the Securities Act. You may use this prospectus as it is amended from time to time when you resell exchange notes that were acquired from market-making or trading activities. Starting on the expiration date and ending on the close of business on the first anniversary of the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.
Consequences of Failure to Exchange Outstanding Notes	If you do not exchange your outstanding notes during the exchange offer you will no longer be entitled to registration rights. You will not be able to offer or sell the outstanding notes unless they are later registered, sold pursuant to an exemption from registration or sold in a transaction not subject to the Securities Act or state securities laws. Other than in connection with the exchange offer, we do not currently anticipate that we will register the outstanding notes under the Securities Act. See The Exchange Offer Consequences of Failure to Exchange.
Condition to the Exchange Offer	The registration rights agreement does not require us to accept outstanding notes for exchange if the exchange offer, or the making of any exchange by a holder of the outstanding notes, would violate any applicable law or interpretation of the staff of the SEC. The exchange offer is not conditioned on a minimum aggregate principal amount of outstanding notes being tendered. See The Exchange Offer Conditions.
Procedures for Tendering Outstanding Notes	We have forwarded to you, along with this prospectus, a letter of transmittal relating to this exchange offer. Because all of the outstanding notes are held in book-entry accounts maintained by the exchange agent at DTC, Euroclear or Clearstream, Luxembourg, a holder need not submit a letter of transmittal. However, all holders who exchange their outstanding notes for exchange notes in accordance with the procedures outlined below will be deemed to have acknowledged receipt of, and agreed to be bound by, and to have made all of the representations and warranties contained in the letter of transmittal. Holders of outstanding dollar notes hold their notes through DTC. Holders of outstanding Euro notes hold their notes through Euroclear or Clearstream, Luxembourg, which are participants in DTC.

Table of Contents

	To tender in the exchange offer, a holder must comply with the following procedures, as applicable: *Holders of outstanding notes through DTC:* If you wish to exchange your outstanding notes and either you or your registered holder hold your outstanding notes (either outstanding dollar notes or outstanding Euro notes) in book-entry form directly through DTC, you must submit an instruction and follow the procedures for book-entry transfer as provided under The Exchange Offer Book-Entry Transfer. *Holders of outstanding notes through Euroclear or Clearstream, Luxembourg:* If you wish to exchange your outstanding notes and either you or your registered holder hold your outstanding notes (either outstanding dollar notes or outstanding Euro notes) in book-entry form directly through Euroclear or Clearstream, Luxembourg, you should be aware that pursuant to their internal guidelines, Euroclear and Clearstream, Luxembourg will automatically exchange your outstanding notes for exchange notes. If you do not wish to participate in the exchange offer, you must instruct Euroclear or Clearstream, Luxembourg, as the case may be, to Take No Action ; otherwise your outstanding notes will automatically be tendered in the exchange offer, and you will be deemed to have agreed to be bound by the terms of the letter of transmittal. Only a registered holder of record of outstanding notes may tender outstanding notes in the exchange offer. If you are a beneficial owner of outstanding notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, you may request your respective broker, dealer, commercial bank, trust company or other nominee to effect the above transactions for you. Alternatively, if you are a beneficial owner and you wish to act on your own behalf in connection with the exchange offer, you must either make appropriate arrangements to register ownership of the outstanding notes in your name or obtain a properly completed bond power from the registered holder.
Special Procedures for Beneficial Owners	If you are a beneficial owner of outstanding notes which are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender outstanding notes in the exchange offer, you should contact the registered holder promptly and instruct the registered holder to tender on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your outstanding notes, either make appropriate arrangements to register ownership of the outstanding notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time and may not be able to be completed prior to the expiration date.
Withdrawal of Tenders	You may withdraw your tender of outstanding notes at any time prior to the expiration date. To withdraw, you must submit a notice of withdrawal

to the exchange agent before 12:00 a.m., New York

Table of Contents

	City time, on the expiration date of the exchange offer. See The Exchange Offer Withdrawal of Tenders.
Acceptance of Outstanding Notes and Delivery of Exchange Notes	Subject to the conditions stated in the section The Exchange Offer Conditions of this prospectus, we will accept for exchange any and all outstanding notes that are properly tendered in the exchange offer before 12:00 a.m., New York City time, on the expiration date. The exchange notes will be delivered promptly after the expiration date. See The Exchange Offer Terms of the Exchange Offer; Acceptance of Tendered Notes.
Fees and Expenses	We will bear expenses related to the exchange offer. See The Exchange Offer Fees and Expenses.
Use of Proceeds	The issuance of the exchange notes will not provide us with any new proceeds. We are making this exchange offer solely to satisfy our obligations under our registration rights agreement.
U.S. Federal Income Tax Consequences	The exchange of outstanding notes for exchange notes will not be a taxable event for U.S. federal income tax purposes. See United States Federal Income Tax Consequences.
Exchange Agent	Deutsche Bank Trust Company Americas is the exchange agent for the exchange offer of the outstanding dollar notes and Deutsche Bank AG, London Branch is the exchange agent for the exchange offer of the outstanding Euro notes. The addresses and telephone numbers of the exchange agents are set forth in the section captioned The Exchange Offer Exchange Agent of this prospectus.

Table of Contents

Terms of the Exchange Notes

The exchange notes will be identical to the outstanding notes except that the exchange notes are registered under the Securities Act and will not have restrictions on transfer, registration rights or provisions for additional interest. The exchange notes will evidence the same debt as the outstanding notes, and the same indenture will govern the exchange notes and the outstanding notes.

The following summary contains basic information about the exchange notes and is not intended to be complete. It does not contain all information that may be important to you. For a more complete understanding of the exchange notes, see Description of the Exchange Notes.

Issuer	Lyondell Chemical Company
Securities Offered	Up to $1,822.5 million principal amount of 8% Senior Secured Notes due 2017 and 303.75 million principal amount of 8% Senior Secured Notes due 2017, which have been registered under the Securities Act.
Maturity Date	November 1, 2017.
Interest Payment Dates	Interest on all exchange notes will be paid semi-annually in cash in arrears on May 1 and November 1 of each year, commencing November 1, 2011.
Guarantees	The outstanding notes are, and the exchange notes will be, jointly and severally, and fully and unconditionally, guaranteed by LyondellBasell Industries N.V. and, subject to certain exceptions, each existing and future wholly owned U.S. restricted subsidiary of LyondellBasell Industries N.V., other than any such subsidiary that is a subsidiary of a non-U.S. subsidiary (the Subsidiary Guarantors and together with LyondellBasell Industries N.V., the Guarantors). For information on the guarantees, see Description of Exchange Notes The Guarantees.
Security	The outstanding notes and guarantees are, and the exchange notes and guarantees will be, secured by (i) a first priority lien on substantially all of Lyondell Chemical and each Subsidiary Guarantor s existing and future property and assets (subject to certain exceptions) other than the assets securing the U.S. ABL Facility, (ii) a first priority lien on the capital stock of all U.S. subsidiaries of LyondellBasell Industries N.V. and each Subsidiary Guarantor (other than any such subsidiary that is a subsidiary of a non-U.S. subsidiary), (iii) a first priority lien on 65% of the capital stock and 100% of the non-voting capital stock of all first-tier non-U.S. subsidiaries of the Issuer or LyondellBasell Industries N.V. and (iv) a second-priority lien on our accounts receivables, inventory, related contracts and other rights, deposit accounts into which the proceeds of the foregoing are credited and other assets related to the foregoing and proceeds thereof that secure the U.S. ABL Facility on a first priority basis, in each case subject to certain exceptions, permitted liens and release under certain circumstances.

For more information, see Description of Exchange Notes Security. In addition, pledges of capital stock or other securities of our subsidiaries will be limited to the extent Rule 3-16 of Regulation S-X would require the filing of separate financial statements with the SEC for that subsidiary (such limitation is referred to

Table of Contents

	herein as the 3-16 Exemption); provided that the 3-16 Exemption will not apply to the capital stock of Lyondell Chemical and LyondellBasell Subholdings B.V. See Description of Exchange Notes Security.
Ranking	The outstanding notes are, and the exchange notes will be, our senior obligations and will rank equal in right of payment to all of our other existing and future senior indebtedness, and will rank senior in right of payment to all existing and future subordinated indebtedness. See Description of Exchange Notes Ranking.
Optional Redemption	At any time prior to May 1, 2013, we may on any one or more occasions redeem up to 35% of the original aggregate principal amount of the exchange notes, at a redemption price of 108.000% of the principal amount thereof, plus accrued and unpaid interest and additional interest, if any, to, but not including, the applicable redemption date, with the net proceeds of one or more specified equity offerings. In addition, prior to May 1, 2013, we may redeem up to 10% of the outstanding exchange notes per year, at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest and additional interest, if any, to, but not including, the applicable redemption date. In addition, prior to May 1, 2013, we may redeem the exchange notes at our option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount thereof plus the applicable make-whole premium as of, and accrued and unpaid interest, to, but not including, the applicable redemption date. On or after May 1, 2013, we may redeem all or a part of the exchange notes, at the redemption prices (expressed as percentages of principal amount) set forth specified under Description of Exchange Notes Redemption Optional Redemption plus accrued and unpaid interest thereon, if any, to but not including, the applicable redemption date. For a further discussion, see Description of Exchange Notes Redemption Optional Redemption.
Change of Control	Upon a change of control (as defined in Description of Exchange Notes Certain Definitions) after the Emergence Date, we must offer to repurchase the exchange notes at 101% of the principal amount, plus accrued and unpaid interest, if any, to the purchase date.
Certain Indenture Covenants	We issued the outstanding notes, and will issue the exchange notes, under an indenture with Wilmington Trust FSB, the trustee. The indenture, among other things, restricts our ability to: incur additional indebtedness; make investments;

pay dividends and make other restricted payments;

create certain liens;

Table of Contents

	sell assets; enter into certain types of transactions with our affiliates; and enter into mergers, consolidations, or sales of all or substantially all of our assets. These covenants are subject to a number of important limitations and exceptions. See Description of Exchange notes Certain Covenants. Certain covenants will be suspended after we have received investment grade ratings from both Moody s Investors Service, Inc. (Moody s) and Standard & Poor s Ratings Group (S&P); provided that no default has occurred and is continuing.
SGX-ST Listing	We intend to list the exchange notes on the SGX-ST.
Risk Factors	Investing in the exchange notes involves risks. See Risk Factors beginning on page 12 for a discussion of certain factors you should consider in evaluating whether or not to tender your outstanding notes.

Table of Contents

RISK FACTORS

You should carefully consider each of the risks described below and the matters addressed under Cautionary Statement Regarding Forward-Looking Statements, together with all of the other information contained in this prospectus, including our consolidated financial statements and related notes, included elsewhere in the prospectus before deciding to invest in the notes. The risks described below are not the only risks facing us or that may materially adversely affect our business. While all known material risks have been discussed below, additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business. If any of the following risks develop into actual events, our business, financial condition or results of operations could be materially adversely affected and you may lose all or part of your investment.

Risks Relating to the Exchange Notes and the Exchange Offer

If you fail to exchange your outstanding notes, they will continue to be restricted securities and may become less liquid.

Outstanding notes that you do not tender or that we do not accept will, following the exchange offer, continue to be restricted securities, and you may not offer to sell them except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We will issue the exchange notes in exchange for the outstanding notes in the exchange offer only following the satisfaction of the procedures and conditions set forth in The Exchange Offer Procedures for Tendering. Because we anticipate that most holders of the outstanding notes will elect to exchange their outstanding notes, we expect that the liquidity of the market for the outstanding notes remaining after the completion of the exchange offer will be substantially limited. Any outstanding notes tendered and exchanged in the exchange offer will reduce the aggregate principal amount of the outstanding notes at maturity. Further, following the exchange offer, if you did not tender your outstanding notes, you generally will not have any further registration rights, and such outstanding notes will continue to be subject to certain transfer restrictions.

You may not receive the exchange notes in the exchange offer if the exchange offer procedures are not properly followed.

We will issue the exchange notes in exchange for your outstanding notes only if you properly tender the outstanding notes before expiration of the exchange offer. Neither we nor the applicable exchange agent is under any duty to give notification of defects or irregularities with respect to the tenders of the outstanding notes for exchange. If you are the beneficial holder of outstanding notes that are held through your broker, dealer, commercial bank, trust company or other nominee, and you wish to tender such notes in the exchange offer, you should promptly contact the person through whom your outstanding notes are held and instruct that person to tender on your behalf.

The value of the noteholders security interest in the collateral may not be sufficient to satisfy all our obligations under the exchange notes.

The exchange notes will be secured by (subject to exceptions and permitted liens) (i) a first priority lien on substantially all of the Issuer s and each Subsidiary Guarantor s existing and future property and assets other than property or assets securing our U.S. ABL Facility on a first priority basis, (ii) a first priority lien on the capital stock of all U.S. subsidiaries of LyondellBasell and each Subsidiary Guarantor (other than any such subsidiary that is a subsidiary of a non-U.S. subsidiary) and (iii) a first priority lien on 65% of the capital stock and 100% of the non-voting capital stock of all first-tier non-U.S. subsidiaries of the Issuer or of LyondellBasell (subject in the case of the pledges of certain stock to the 3-16 Exemption). We refer to the debt having first priority liens on the foregoing

collateral as First Lien Debt. In addition, the exchange notes will be secured by second priority liens on the accounts receivables, inventory, contracts and other rights, deposit accounts with respect to the proceeds of the foregoing are credited and other assets related to the foregoing and proceeds thereof that secure the U.S. ABL Facility on a first priority basis. The U.S. ABL Facility also has a second priority lien on the assets securing First Lien Debt. The Plan Roll-up Notes are

secured on a third priority basis by the same collateral that secures the notes, the Senior Term Loan Facility and the U.S. ABL Facility, but on a basis junior to that of the notes, the Senior Term Loan Facility and the U.S. ABL Facility, as applicable. The indenture governing the notes permits us to incur additional First Lien Debt and unlimited junior liens on the collateral securing the notes.

Many of our assets, such as assets owned by our foreign subsidiaries, are not part of the collateral securing the notes. In addition, our foreign subsidiaries will be permitted to incur substantial indebtedness in compliance with the covenants under the indenture governing the notes and the agreements governing our other indebtedness. There are no limitations on our ability to transfer assets and cash flow to our non-Guarantor subsidiaries under the indenture, although we have no present intention of transferring any material portion of the notes collateral in this manner. Upon such a transfer, those assets would be released automatically from the lien securing the exchange notes.

The value of the collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers for the collateral. By its nature, some or all of the collateral may be illiquid and may have no readily ascertainable market value. The value of the assets pledged as collateral for the notes could be impaired in the future as a result of changing economic conditions, competition or other future trends. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, no assurance can be given that the proceeds from any sale or liquidation of the collateral securing our obligations will be sufficient to pay our obligations under the exchange notes and any additional First Lien Debt which may be incurred pursuant to the terms of the indenture governing the exchange notes, in full or at all. There also can be no assurance that the collateral will be saleable, and, even if saleable, the timing of its liquidation would be uncertain. To the extent that liens, rights or easements granted to third parties encumber assets located on property owned by us, such third parties have or may exercise rights and remedies with respect to the property subject to such liens that could adversely affect the value of the collateral and the ability of the collateral agent to foreclose on the collateral. Accordingly, there may not be sufficient collateral to pay all or any of the amounts due on the exchange notes. Any claim for the difference between the amount, if any, realized by holders of the exchange notes from the sale of the collateral securing the exchange notes and the obligations under the exchange notes will rank equally in right of payment with all of our other unsecured unsubordinated indebtedness and other obligations, including trade payables.

With respect to some of the collateral, the collateral agent s security interest and ability to foreclose may be subject to perfection, priority issues, state law requirements and practical problems associated with the realization of the trustee s security interest or lien in the collateral, including cure rights, foreclosing on the collateral within the time periods permitted by third parties or prescribed by laws, obtaining third-party consents, making additional filings, statutory rights of redemption and the effect of the order of foreclosure. If we are unable to obtain these consents or make these filings, the security interests may be invalid and the holders will not be entitled to the collateral or any recovery with respect thereto. We cannot assure you that any such required consents can be obtained on a timely basis or at all. These requirements may limit the number of potential bidders for certain collateral in any foreclosure and may delay any sale, either of which events may have an adverse effect on the sale price of the collateral. Therefore, the practical value of realizing on the collateral may, without the appropriate consents and filings, be limited.

The exchange notes will be effectively subordinated to all liabilities of our non-guarantor subsidiaries and structurally subordinated to claims of creditors of all of our foreign subsidiaries.

The exchange notes will be structurally subordinated to indebtedness and other liabilities of our subsidiaries that are not the Issuer or Guarantors of the exchange notes. In the event of a bankruptcy, insolvency, liquidation, dissolution or reorganization of any of our non-Guarantor subsidiaries, these non-Guarantor subsidiaries will pay the holders of their debts, holders of preferred equity interests and their trade creditors before they will be able to distribute any of their assets to LyondellBasell Industries N.V. or the Issuer.

The exchange notes will not be guaranteed by any of LyondellBasell Industries N.V. s non-U.S. subsidiaries. LyondellBasell Industries N.V. s non-U.S. subsidiaries are separate and distinct legal entities and have no

Table of Contents

obligation, contingent or otherwise, to pay any amounts due pursuant to the exchange notes, or to make any funds available therefor, whether by dividends, loans, distributions or other payments. Any right that LyondellBasell Industries N.V., the Issuer or the Subsidiary Guarantors have to receive any assets of any of the non-U.S. subsidiaries of LyondellBasell Industries N.V. upon the liquidation or reorganization of those subsidiaries, and the consequent rights of holders of exchange notes to realize proceeds from the sale of any of those subsidiaries assets, will be effectively subordinated to the claims of those subsidiaries creditors, including trade creditors and holders of preferred equity interests of those subsidiaries.

The indenture, the Senior Term Loan Facility and the U.S. ABL Facility allow us to incur substantial debt at our non-Guarantor subsidiaries, all of which would be effectively senior to the exchange notes and the guarantees to the extent of the assets of those non-Guarantor subsidiaries. As of June 30, 2011, our non-Guarantor subsidiaries had approximately $344 million of outstanding indebtedness, excluding intercompany liabilities, guarantees of indebtedness of joint ventures and other indebtedness referred to above, which would rank effectively senior to the exchange notes offered hereby, with respect to the assets of such non-Guarantor subsidiaries. In addition, there are no restrictions in the indenture governing the exchange notes relating to the transfer of funds between restricted subsidiaries, including between Guarantor and non-Guarantor restricted subsidiaries. Holders of the exchange notes will be structurally subordinated to creditors of the non-Guarantors and are subject to the foregoing risks concerning the amount of such structural subordination, among others.

Repayment of our debt, including required principal and interest payments on the exchange notes, is dependent on cash flow generated by our foreign subsidiaries.

Our foreign subsidiaries own a significant portion of our assets and conduct a significant portion of our operations. Accordingly, repayment of our indebtedness, including the exchange notes, is dependent, to a significant extent, on the generation of cash flow by our foreign subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Our foreign subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the exchange notes. Each foreign subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our foreign subsidiaries. While the indenture governing the exchange notes limits the ability of our foreign subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In the event that we are unable to receive distributions from our foreign subsidiaries we may be unable to make required principal and interest payments on our indebtedness, including the exchange notes.

There are circumstances other than repayment or discharge of the exchange notes under which the collateral securing the exchange notes and guarantees will be released automatically, without your consent or the consent of the trustee.

Under various circumstances, collateral securing the exchange notes will be released automatically, including:

a sale, transfer or other disposition of such collateral in a transaction not prohibited under the indenture; and

with respect to collateral held by a guarantor, upon the release of such guarantor from its guarantee.

The guarantee of a subsidiary guarantor will be automatically released to the extent it is released in connection with a sale of such subsidiary guarantor in a transaction not prohibited by the indenture. The indenture also permits us to designate one or more of our restricted subsidiaries that is a guarantor of the exchange notes as an unrestricted subsidiary. If we designate a subsidiary guarantor as an unrestricted subsidiary for purposes of the indenture governing the exchange notes, all of the liens on any collateral owned by such subsidiary or any of its subsidiaries and

any guarantees of the exchange notes by such subsidiary or any of its subsidiaries will be released under the indenture. Designation of an unrestricted subsidiary will reduce the aggregate value of the collateral securing the exchange notes to the extent that liens on the assets of the unrestricted subsidiary and its subsidiaries are released. In addition, the creditors of the unrestricted

subsidiary and its subsidiaries will have a claim on the assets of such unrestricted subsidiary and its subsidiaries that is senior to the claim of the holders of the exchange notes. See Description of Exchange Notes.

The collateral securing the exchange notes may be diluted under certain circumstances.

The collateral that will secure the exchange notes also secures our obligations under other First Lien Debt. This collateral may secure on a first-priority basis additional indebtedness that we incur in the future, subject to restrictions on our ability to incur debt and liens under the indenture governing the exchange notes and the Senior Term Loan Facility. Your rights to the collateral would be diluted by any increase in the indebtedness secured on a parity basis by this collateral.

The collateral securing the exchange notes may be subject to material exceptions, defects and encumbrances that adversely impact its value.

Any exceptions, defects, encumbrances, liens and other imperfections on the collateral that secures the First Lien Debt could adversely affect the value of the collateral securing the exchange notes as well as the ability of the collateral agent to realize or foreclose on such collateral. In addition, our business requires numerous federal, state and local permits and licenses. Continued operation of properties that are the collateral for the exchange notes depends on the maintenance of such permits and licenses may be prohibited. Our business is subject to substantial regulations and permitting requirements and may be adversely affected if we are unable to comply with existing regulations or requirements or changes in applicable regulations or requirements. In the event of foreclosure, the transfer of such permits and licenses may be prohibited or may require us to incur significant cost and expense. Further, we cannot assure you that the applicable governmental authorities will consent to the transfer of all such permits. If the regulatory approvals required for such transfers are not obtained or are delayed, the foreclosure may be delayed, a temporary shutdown of operations may result and the value of the collateral may be significantly decreased.

State law may limit the ability of the collateral agent, trustee and the holders of the exchange notes to foreclose on the real property and improvements included in the collateral.

The exchange notes will be secured by, among other things, liens on real property and improvements located in the States of Florida, Illinois, Iowa, Louisiana and Texas. The laws of those states may limit the ability of the trustee and the holders of the exchange notes to foreclose on the improved real property collateral located in those states. Laws of those states govern the perfection, enforceability and foreclosure of mortgage liens against real property interests which secure debt obligations such as the exchange notes. These laws may impose procedural requirements for foreclosure different from and necessitating a longer time period for completion than the requirements for foreclosure of security interests in personal property. Debtors may have the right to reinstate defaulted debt (even it is has been accelerated) before the foreclosure date by paying the past due amounts and a right of redemption after foreclosure. Governing laws may also impose security first and one form of action rules which can affect the ability to foreclose or the timing of foreclosure on real and personal property collateral regardless of the location of the collateral and may limit the right to recover a deficiency following a foreclosure.

The holders of the exchange notes and the trustee also may be limited in their ability to enforce a breach of the no liens covenant. Some decisions of state courts have placed limits on a lender s ability to accelerate debt secured by real property upon breach of covenants prohibiting the creation of certain junior liens or leasehold estates may need to demonstrate that enforcement is reasonably necessary to protect against impairment of the lender s security or to protect against an increased risk of default. Although the foregoing court decisions may have been preempted, at least in part, by certain federal laws, the scope of such preemption, if any, is uncertain. Accordingly, a court could prevent the trustee and the holders of the exchange notes from declaring a default and accelerating the exchange notes by reason of a breach of this covenant, which could have a material adverse effect on the ability of holders to enforce the

covenant.

Table of Contents

Rights of holders of exchange notes in the collateral may be adversely affected by the failure to perfect liens on certain collateral delivered after the issue date or acquired in the future.

Applicable law requires that certain property and rights acquired after the grant of a general security interest or lien can only be perfected at the time such property and rights are acquired and identified. There can be no assurance that the trustee or the collateral agent will monitor, or that we will inform the collateral agent or the administrative agent of, the future acquisition of property and rights that constitute collateral, and that the necessary action will be taken to properly perfect the lien on such after-acquired collateral. The collateral agent for the exchange notes has no obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interests therein. Such failure may result in the loss of the practical benefits of the liens thereon or of the priority of the liens securing the exchange notes.

If we, or any Subsidiary Guarantor, were to become subject to a bankruptcy proceeding, any liens recorded or perfected after the issue date of the exchange notes would face a greater risk of being invalidated than if they had been recorded or perfected on the issue date of the exchange notes. Liens recorded or perfected after the issue date of the exchange notes beyond the time period provided for perfecting as permitted under the U.S. Bankruptcy Code, such as the mortgage described above, may be treated under bankruptcy law as if they were delivered to secure previously existing indebtedness. In bankruptcy proceedings commenced within 90 days of lien perfection, a lien given to secure previously existing debt is materially more likely to be avoided as a preference by the bankruptcy court than if delivered and promptly recorded on the issue date of the indebtedness. Accordingly, if we or a subsidiary guarantor were to file for bankruptcy protection after the issue date of the exchange notes and the liens had been perfected less than 90 days before commencement of such bankruptcy proceeding, the liens securing the exchange notes may be especially subject to challenge as a result of having been perfected after their issue date. To the extent that such challenge succeeded, you would lose the benefit of the security that the collateral was intended to provide.

The pledge of the capital stock or other securities of the Issuer s subsidiaries that secure the exchange notes will automatically be released from the lien on it and will no longer constitute collateral for so long as the pledge of such capital stock or such other securities would require the filing of separate financial statements with the SEC for such subsidiary.

The exchange notes and the guarantees will be secured by a pledge of the stock of some of our subsidiaries. Under the SEC regulations in effect as of the issue date of the exchange notes, if the par value, book value as carried by us or market value (whichever is greatest) of the capital stock or other securities of a subsidiary pledged as part of the collateral for any class of securities registered or to be registered is greater than or equal to 20% of the aggregate principal amount of the exchange notes then outstanding, such a subsidiary would be required to provide separate financial statements in filings with the SEC. Therefore, the indenture and the collateral documents provide that any capital stock and other securities of any of our subsidiaries will be excluded from the collateral for so long as the pledge of such capital stock or other securities to secure the exchange notes would cause such subsidiary to be required to file separate financial statements with the SEC pursuant to Rule 3-16 of Regulation S-X (as in effect from time to time). We have agreed that the 3-16 Exemption will not apply to the pledges of stock of Lyondell Chemical and LyondellBasell Subholdings B.V. and we will file separate financial statements for those entities, if required to do so.

As a result, it may be more difficult, costly and time-consuming for holders of the exchange notes to foreclose on the assets of a subsidiary than to foreclose on its capital stock or other securities, so the proceeds realized upon any such foreclosure could be significantly less than those that would have been received upon any sale of the capital stock or other securities of such subsidiary. See Description of Exchange Notes Security.

Table of Contents

In the event of bankruptcy, the ability of the holders of the exchange notes to exercise remedies in respect of the collateral will be subject to certain bankruptcy law limitations.

The ability of holders of exchange notes to realize upon the collateral will be subject to certain bankruptcy law limitations in the event of our bankruptcy following the issuance of the exchange notes. Under applicable federal bankruptcy laws, upon the commencement of a bankruptcy case, an automatic stay goes into effect which, among other things, stays:

the commencement or continuation of any action or proceeding against the debtor that was or could have been commenced before the commencement of the bankruptcy case to recover a claim against the debtor that arose before the commencement of the bankruptcy case;

any act to obtain possession of, or control over, property of the bankruptcy estate or the debtor;

any act to create, perfect or enforce any lien against property of the bankruptcy estate; and

any act to collect or recover a claim against the debtor that arose before the commencement of the bankruptcy case.

Bankruptcy law could thus prevent, or at a minimum delay, the collateral agent from repossessing and disposing of, or otherwise exercising remedies in respect of, the collateral upon the occurrence of an event of default if a bankruptcy proceeding were to be commenced by or against us or the Guarantors prior to the collateral agent having repossessed and disposed of, or otherwise exercised remedies in respect of, the collateral. Under the U.S. Bankruptcy Code, a secured creditor such as the collateral agent is prohibited from repossessing its security from a debtor in a bankruptcy case, or from disposing of security repossessed from such debtor, without bankruptcy court approval. Moreover, the U.S. Bankruptcy Code permits the debtor to continue to retain and to use collateral even though the debtor is in default under the applicable debt instrument; provided that the secured creditor is given adequate protection. The meaning of the term adequate protection may vary according to the circumstances, but it is intended in general to protect the value of the secured creditor s interest in the collateral. The court may find adequate protection if the debtor pays cash or grants additional security, if and at such times as the court in its discretion determines, for any diminution in the value of the collateral during the pendency of the bankruptcy case. In view of the lack of a precise definition of the term adequate protection and the broad discretionary powers of a bankruptcy court, it is impossible to predict how long payments with respect to the exchange notes could be delayed following commencement of a bankruptcy case, whether or when the trustee could repossess or dispose of the collateral or whether or to what extent holders would be compensated for any delay in payment or loss of value of the collateral through the requirement of adequate protection.

The collateral is subject to casualty risks.

We intend to maintain insurance or otherwise insure against hazards in a manner appropriate and customary for our business. There are, however, certain losses that may be either uninsurable or not economically insurable, in whole or in part. Insurance proceeds may not compensate us fully for our losses. If there is a complete or partial loss of any of the collateral, the insurance proceeds may not be sufficient to satisfy all of the secured obligations, including the exchange notes and the guarantees.

In the event of a total or partial loss to any of the mortgaged facilities, certain items of equipment, fixtures and other improvements may not be easily replaced. Accordingly, even though there may be insurance coverage, the extended period needed to manufacture or construct replacement of such items could cause significant delays.

17

Table of Contents

The terms of our indenture governing the exchange notes may restrict our current and future operations, particularly our ability to respond to changes or to take certain actions.

The indenture governing the exchange notes issued hereby contains a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interests, including, among other things, restrictions on our ability to:

incur, assume or guarantee additional indebtedness;

issue redeemable stock and preferred stock;

pay dividends or distributions or redeem or repurchase capital stock;

prepay, redeem or repurchase certain debt;

make loans and investments;

incur liens;

restrict dividends, loans or asset transfers from our subsidiaries;

sell or otherwise dispose of assets, including capital stock of subsidiaries;

consolidate or merge with or into, or sell substantially all of our assets to, another person;

enter into transactions with affiliates; and

enter into new lines of business.

In addition, our Senior Term Loan Facility requires us to maintain specified financial ratios and satisfy other financial condition tests.

Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we cannot assure you that we will meet them.

A breach of the covenants under the indenture that governs the exchange notes offered hereby or under the credit agreement governing the Senior Term Loan Facility could result in an event of default under the applicable indebtedness. Such default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the credit agreement governing our Senior Term Loan Facility would permit the lenders under our Senior Term Loan Facility to terminate all commitments to extend further credit under that facility. Furthermore, if we were unable to repay the amounts due and payable under our Senior Term Loan Facility, those lenders could proceed against the collateral granted to them to secure that indebtedness. In the event our lenders or holders of exchange notes accelerate the repayment of our borrowings, we cannot assure that we and our subsidiaries would have sufficient assets to repay such indebtedness. As a result of these restrictions, we may be:

limited in how we conduct our business;

unable to raise additional debt or equity financing to operate during general economic or business downturns; or

unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect our ability to grow in accordance with our plans.

In the event of a bankruptcy of us or any of the Guarantors, holders of the exchange notes may be deemed to have an unsecured claim to the extent that our obligations in respect of the exchange notes exceed the fair market value of the collateral securing the exchange notes.

In any bankruptcy proceeding with respect to us or any of the Guarantors, it is possible that the bankruptcy trustee, the debtor-in-possession or competing creditors will assert that the fair market value of the collateral with respect to the exchange notes on the date of the bankruptcy filing was less than the then-current

Table of Contents

principal amount of the exchange notes. Upon a finding by the bankruptcy court that the exchange notes are under-collateralized, the claims in the bankruptcy proceeding with respect to the exchange notes would be bifurcated between a secured claim in an amount equal to the value of the collateral and an unsecured claim with respect to the remainder of its claim which would not be entitled to the benefits of security in the collateral. Other consequences of a finding of under-collateralization would be, among other things, a lack of entitlement on the part of the exchange notes to receive post-petition interest or applicable fees, costs or charges and a lack of entitlement on the part of the unsecured portion of the exchange notes to receive adequate protection under federal bankruptcy laws. In addition, if any payments of post-petition interest had been made at any time prior to such a finding of under-collateralization, those payments would be recharacterized by the bankruptcy court as a reduction of the principal amount of the secured claim with respect to the exchange notes.

Insolvency laws of jurisdictions outside of the U.S. may preclude holders of the exchange notes from recovering payments due on the exchange notes.

Although the Issuer is incorporated in Delaware, LyondellBasell Industries N.V. is organized in The Netherlands. In addition, LyondellBasell Industries N.V. is party to certain of the key agreements affecting your rights as holders of the exchange notes and your ability to recover under the exchange notes are incorporated in jurisdictions other than the U.S. The insolvency laws of The Netherlands may not be as favorable to your interests as creditors as the laws of the U.S. or other jurisdictions with which you may be familiar.

U.S. investors in the exchange notes may have difficulties enforcing certain civil liabilities.

The Issuer is an entity incorporated under the laws of the State of Delaware. However, LyondellBasell Industries N.V. is organized under the laws of The Netherlands. LyondellBasell Industries N.V. has agreed, in accordance with the terms of the indenture under which the exchange notes will be issued, to accept service of process in any suit, action or proceeding with respect to the indenture or the exchange notes brought in any federal or state court located in New York City by an agent designated for such purpose, and to submit to the jurisdiction of such courts in connection with such suits, actions or proceedings. However, it may be difficult for securityholders to enforce judgments of U.S. courts predicated upon the civil liability provisions of the U.S. federal securities laws against certain of LyondellBasell Industries N.V. s assets. A judgment of a U.S. court based solely upon civil liability under those laws may be unenforceable outside of the U.S. In addition, awards of punitive damages in actions brought in the U.S. or elsewhere may be unenforceable in jurisdictions outside of the U.S.

Fraudulent transfer and other laws may permit a court to void the guarantees, and if that occurs, you may not receive any payments on the guarantees.

The issuance of the exchange notes and the guarantees may be subject to review under federal and state fraudulent transfer and conveyance statutes if a bankruptcy, liquidation or reorganization case or a lawsuit, including under circumstances in which bankruptcy is not involved, were commenced at some future date by us, by the guarantors or on behalf of our unpaid creditors or the unpaid creditors of a guarantor. While the relevant laws may vary from state to state, the incurrence of the obligations in respect of the exchange notes and the guarantees, and the granting of the security interests in respect thereof, will generally be a fraudulent conveyance if (i) the consideration was paid with the intent of hindering, delaying or defrauding creditors or (ii) we or any of our Subsidiary Guarantors, as applicable, received less than reasonably equivalent value or fair consideration in return for issuing either the exchange notes or a guarantee, and, in the case of (ii) only, one of the following is also true:

- we or any of our Subsidiary Guarantors were or was insolvent or rendered insolvent by reason of issuing the exchange notes or the guarantees;

payment of the consideration left us or any of our Subsidiary Guarantors with an unreasonably small amount of capital to carry on the business; or

Table of Contents

we or any of our Subsidiary Guarantors intended to, or believed that we or it would, incur debts beyond our or its ability to pay as they mature. If a court were to find that the issuance of the exchange notes or a guarantee was a fraudulent conveyance, the court could void the payment obligations under the exchange notes or such guarantee or further subordinate the exchange notes or such guarantee to presently existing and future indebtedness of ours or such subsidiary guarantor, require the holders of the exchange notes to repay any amounts received with respect to the exchange notes or such guarantee or void or otherwise decline to enforce the security interests and related security agreements in respect thereof. In the event of a finding that a fraudulent conveyance occurred, you may not receive any repayment on the exchange notes. Further, the voidance of the exchange notes could result in an event of default with respect to our other debt and that of our Subsidiary Guarantors that could result in acceleration of such debt.

The measures of insolvency for purposes of fraudulent conveyance laws vary depending upon the law of the jurisdiction that is being applied. Generally, an entity would be considered insolvent if, at the time it incurred indebtedness:

the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;

the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts and liabilities, including contingent liabilities, as they become absolute and mature; or

it could not pay its debts as they become due.

We cannot be certain as to the standards a court would use to determine whether or not we or the Subsidiary Guarantors were solvent at the relevant time, or regardless of the standard used, that the issuance of the exchange notes and the guarantees would not be subordinated to our or any Subsidiary Guarantor s other debt.

If the guarantees were legally challenged, any guarantee could also be subject to the claim that, since the guarantee was incurred for our benefit, and only indirectly for the benefit of the Subsidiary Guarantor, the obligations of the applicable subsidiary guarantor were incurred for less than fair consideration. Therefore, a court could void the obligations under the guarantees, subordinate them to the applicable subsidiary guarantor s other debt or take other action detrimental to the holders of the exchange notes. In addition, a recent bankruptcy court decision in Florida questioned the validity of a customary savings clause in a guarantee.

The Issuer may not be able to fulfill its repurchase obligations in the event of a change of control.

Upon the occurrence of specific kinds of change of control events, we will be required to offer to repurchase all outstanding exchange notes at 101% of their principal amount, plus accrued and unpaid interest to the purchase date. Additionally, under the Senior Term Loan Facility, a change of control (as defined therein) constitutes an event of default that permits the lenders to accelerate the maturity of borrowings under the respective agreements and the commitments to lend would terminate. The source of funds for any purchase of the exchange notes and repayment of borrowings under our Senior Term Loan Facility will be our available cash or cash generated from our subsidiaries operations or other sources, including borrowings, sales of assets or sales of equity. We may not be able to repurchase the exchange notes upon a change of control because we may not have sufficient financial resources to purchase all of the debt securities that are tendered upon a change of control and repay our other indebtedness that will become due. We may require additional financing from third parties to fund any such purchases, and we cannot assure you that we would be able to obtain financing on satisfactory terms or at all. Further, our ability to repurchase the exchange notes may be limited by law. In order to avoid the obligations to repurchase the exchange notes and events of default and

potential breaches of the credit agreement governing our new Senior Term Loan Facility, we may have to avoid certain change of control transactions that would otherwise be beneficial to us. Our failure to make the change of control offer or to pay the change of control purchase price when due would result in a default under the indenture governing the exchange notes. See Description of Exchange Notes Change of Control.

Table of Contents

In addition, certain important corporate events, such as leveraged recapitalizations, may not, under the indenture governing the exchange notes, constitute a change of control that would require us to repurchase the exchange notes, notwithstanding the fact that such corporate events could increase the level of our indebtedness or otherwise adversely affect our capital structure, credit ratings or the value of the exchange notes. See the section titled Description of Exchange Notes Change of Control.

In addition, the definition of change of control in the indenture governing the exchange notes includes a phrase relating to the sale of all or substantially all of our assets. There is no precise established definition of the phrase substantially all under applicable law. Accordingly, the ability of a holder of exchange notes to require us to repurchase its exchange notes as a result of a sale of less than all our assets to another person may be uncertain.

If an active trading market does not develop for the exchange notes, you may not be able to resell them.

There is no established trading market for the exchange notes. We intend to list the exchange notes on the SGX-ST, but this is not expected to become an active trading market for the bulk of the investors in the notes. Accordingly, an active trading market for the notes may not develop, in which case the market price and liquidity of the notes may be adversely affected.

In addition, you may not be able to sell your notes at a particular time or at a price favorable to you. Future trading prices of the notes will depend on many factors, including:

- our operating performance and financial condition;
- our prospects or the prospects for companies in our industry generally;
- the interest of securities dealers in making a market in the notes;
- the market for similar securities; and
- prevailing interest rates.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused volatility in the prices of these securities. It is possible that the market for the notes will be subject to disruptions. A disruption may have a negative effect on you as a holder of the notes, regardless of our prospects or performance.

A downgrade, suspension or withdrawal of the rating assigned by any rating agency to the notes or to us could cause the liquidity or market value of the notes to decline.

We and the notes have been rated by nationally recognized statistical ratings organizations, and may in the future be rated by additional rating agencies. Any rating so assigned may be lowered or withdrawn entirely by a rating agency if, in that rating agency s judgment, circumstances relating to the basis of the rating, such as adverse change to our business, so warrant. Any lowering or withdrawal of a rating by a rating agency could reduce the liquidity or market value of the notes.

Risks Relating to Our Business

Economic downturns and disruptions in financial markets can adversely affect our business and results of operations.

Our results of operations can be materially affected by adverse conditions in the financial markets and depressed economic conditions generally. Economic downturns in the businesses and geographic areas in which we sell our products substantially reduce demand for our products and result in decreased sales volumes. Recessionary environments adversely affect our business because demand for our products is reduced, particularly from our customers in industrial markets generally and the automotive and housing industries specifically.

Table of Contents

Moreover, many of our customers and suppliers rely on access to credit to adequately fund their operations. Disruptions in financial markets and economic slowdown can adversely impact the ability of our customers to finance the purchase of our products as well as the creditworthiness of those customers. These same factors may also impact the ability and willingness of suppliers to provide us with raw materials for our business.

The cyclicality and volatility of the industries in which we participate may cause significant fluctuations in our operating results.

Our business operations are subject to the cyclical and volatile nature of the supply-demand balance in the chemical and refining industries. Our future operating results are expected to continue to be affected by this cyclicality and volatility. The chemical and refining industries historically have experienced alternating periods of capacity shortages, causing prices and profit margins to increase, followed by periods of excess capacity, resulting in oversupply, declining capacity utilization rates and declining prices and profit margins.

In addition to changes in the supply and demand for products, changes in energy prices and other worldwide economic conditions can cause volatility. These factors result in significant fluctuations in profits and cash flow from period to period and over business cycles.

In addition, new capacity additions, especially in Asia and the Middle East, are expected to lead to a period of oversupply and lower profitability. The timing and extent of any changes to currently prevailing market conditions is uncertain and supply and demand may be unbalanced at any time. As a consequence, we are unable to accurately predict the extent or duration of future industry cycles or their effect on our business, financial condition or results of operations. We can give no assurances as to any predictions we may make with respect to the timing, extent or duration of future industry cycles.

Costs and limitations on supply of raw materials and energy may result in increased operating expenses.

The costs of raw materials and energy represent a substantial portion of our operating expenses. Energy costs generally follow price trends of crude oil and natural gas. These price trends may be highly volatile and cyclical. In the past, raw material and energy costs have experienced significant fluctuations that adversely affected our business segments results of operations. Moreover, fluctuations in currency exchange rates can add to this volatility.

We are not always able to pass raw material and energy cost increases on to our customers. When we do have the ability to pass on the cost increases, we are not always able to do so quickly enough to avoid adverse impacts on our results of operations.

Cost increases also may increase working capital needs, which could reduce our liquidity and cash flow. Even if we increase our sales prices to reflect rising raw material and energy costs, demand for products may decrease as customers reduce their consumption or use substitute products, which may have an adverse impact on our results of operations. In addition, producers in natural gas cost-advantaged regions, such as the Middle East, benefit from the lower prices of natural gas and NGLs. Competition from producers in these regions may cause us to reduce exports from North America and Europe. Any such reductions may increase competition for product sales within North America and Europe, which can result in lower margins in those regions. Additionally, there are a limited number of suppliers for some of our raw materials and utilities and, in some cases, the supplies are specific to the particular geographic region in which a facility is located.

It is also common in the chemical and refining industries for a facility to have a sole, dedicated source for its utilities, such as steam, electricity and gas. Having a sole or limited number of suppliers may limit our negotiating power, particularly in the case of rising raw material costs. Any new supply agreements we enter into may not have terms as

favorable as those contained in our current supply agreements.

If our raw material or utility supplies were disrupted, our businesses may incur increased costs to procure alternative supplies or incur excessive downtime, which would have a direct negative impact on plant operations. For example, hurricanes have in the past negatively affected crude oil and natural gas supplies, as well as supplies of other raw materials, utilities (such as electricity and steam), and industrial gases,

contributing to increases in operating costs and, in some cases, disrupting production. In addition, hurricane-related disruption of vessel, barge, rail, truck and pipeline traffic in the U.S. Gulf Coast area would negatively affect shipments of raw materials and product.

In addition, with increased volatility in raw material costs, our suppliers could impose more onerous terms on us, resulting in shorter payment cycles and increasing our working capital requirements.

We sell products in highly competitive global markets and face significant price pressures.

We sell our products in highly competitive global markets. Due to the commodity nature of many of our products, competition in these markets is based primarily on price and, to a lesser extent, on product performance, product quality, product deliverability, reliability of supply and customer service. Generally, we are not able to protect our market position for these products by product differentiation and may not be able to pass on cost increases to our customers.

In addition, we face increased competition from companies that may have greater financial resources and different cost structures or strategic goals than us. These include large integrated oil companies (many of which also have chemical businesses), government-owned businesses, and companies that receive subsidies or other government incentives to produce certain products in a specified geographic region. Increased competition from these companies, especially in our olefin and refining businesses, could limit our ability to increase product sales prices in response to raw material and other cost increases, or could cause us to reduce product sales prices to compete effectively, which could reduce our profitability. Competitors that have greater financial resources than us may be able to invest significant capital into their businesses, including expenditures for research and development.

In addition, specialty products we produce may become commoditized over time. Increased competition could result in lower prices or lower sales volumes, which would have a negative impact on our results of operations.

Our ability to source raw materials, including crude oil, may be adversely affected by political instability, civil disturbances or other governmental actions.

We obtain a substantial portion of our principal raw materials from sources in North Africa, the Middle East, and South America that may be less politically stable than other areas in which we conduct business, such as Europe or the U.S.

Recently, increased incidents of civil unrest, including demonstrations which have been marked by violence, have occurred in some countries in North Africa and the Middle East. Some political regimes in these countries are threatened or have changed as a result of such unrest. Political instability and civil unrest could continue to spread in the region and involve other areas. Such unrest, if it continues to spread or grow in intensity, could lead to civil wars, regional conflict, or regime changes resulting in governments that are hostile to countries in which we conduct substantial business, such as Europe, the U.S., or their respective allies.

We source a large portion of our crude oil from Venezuela. From time to time in the past, the Venezuelan national oil company, PDVSA, has declared itself in a force majeure situation and reduced deliveries of crude oil purportedly based on announced OPEC production cuts. It is impossible to predict how possible changes in governmental policies may affect our sourcing. Any significant reduction in Venezuelan crude oil supplies could negatively impact our ability to procure crude oil, from Venezuela or other sources, on economically advantageous terms. Political instability, civil disturbances and actions by governments in North Africa, the Middle East or South America are likely to substantially increase the price and decrease the supply of feedstocks necessary for our operations, which will have a material adverse effect on our results of operations.

Interruptions of operations at our facilities may result in liabilities or lower operating results.

We own and operate large-scale facilities. Our operating results are dependent on the continued operation of our various production facilities and the ability to complete construction and maintenance projects on schedule. Interruptions at our facilities may materially reduce the productivity and profitability of a particular

manufacturing facility, or our business as a whole, during and after the period of such operational difficulties. In the past, we had to shut down plants on the U.S. Gulf Coast, including the temporary shutdown of the Houston Refinery, as a result of hurricanes striking the Texas coast.

In addition, because the Houston Refinery is our only North American refining operation, an outage at the refinery could have a particularly negative impact on our operating results. Unlike our chemical and polymer production facilities, which may have sufficient excess capacity to mitigate the negative impact of lost production at other facilities, we do not have the ability to increase refining production elsewhere in the U.S.

Although we take precautions to enhance the safety of our operations and minimize the risk of disruptions, our operations are subject to hazards inherent in chemical manufacturing and refining and the related storage and transportation of raw materials, products and wastes. These potential hazards include:

- pipeline leaks and ruptures;
- explosions;
- fires;
- severe weather and natural disasters;
- mechanical failure;
- unscheduled downtimes;
- supplier disruptions;
- labor shortages or other labor difficulties;
- transportation interruptions;
- remediation complications;
- chemical and oil spills;
- discharges or releases of toxic or hazardous substances or gases;
- storage tank leaks;
- other environmental risks; and
- terrorist acts.

Some of these hazards may cause severe damage to or destruction of property and equipment and may result in suspension of operations or the shutdown of affected facilities.

Our operations are subject to risks inherent in chemical and refining businesses, and we could be subject to liabilities for which we are not fully insured or that are not otherwise mitigated.

We maintain property, business interruption, product, general liability, casualty and other types of insurance, including pollution and legal liability, that we believe are in accordance with customary industry practices. However, we are not fully insured against all potential hazards incident to our business, including losses resulting from natural disasters, war risks or terrorist acts. Changes in insurance market conditions have caused, and may in the future cause, premiums and deductibles for certain insurance policies to increase substantially and, in some instances, for certain insurance to become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we were not fully insured, we might not be able to finance the amount of the uninsured liability on terms acceptable to us or at all, and might be obligated to divert a significant portion of our cash flow from normal business operations.

Further, because a part of our business involves licensing polyolefin process technology, our licensees are exposed to similar risks involved in the manufacture and marketing of polyolefins. Hazardous incidents involving our licensees, if they do result or are perceived to result from use of our technologies, may harm our

reputation, threaten our relationships with other licensees and/or lead to customer attrition and financial losses. Our policy of covering these risks through contractual limitations of liability and indemnities and through insurance may not always be effective. As a result, our financial condition and results of operation would be adversely affected, and other companies with competing technologies may have the opportunity to secure a competitive advantage.

Certain activities related to a former project raise compliance issues under U.S. law.

We have identified an agreement related to a former project in Kazakhstan under which a payment was made in late 2008 that raises compliance concerns under the U.S. Foreign Corrupt Practices Act (the FCPA). We have engaged outside counsel to investigate these activities, under the oversight of a special committee established by the Supervisory Board, and to evaluate internal controls and compliance policies and procedures. We made a voluntary disclosure of these matters to the U.S. Department of Justice in late 2009 and are cooperating fully with that agency. In this respect, we may not have conducted our business in compliance with the FCPA and may not have had policies and procedures in place adequate to ensure compliance. We cannot reasonably estimate any potential penalty that may arise from these matters. We have adopted and are implementing more stringent policies and procedures designed to ensure compliance. We cannot predict the ultimate outcome of these matters at this time since our investigations are ongoing. Violations of these laws could result in criminal and civil liabilities and other forms of relief that could be material to us.

Our non-U.S. operations conduct business in countries subject to U.S. economic sanctions and certain activities raise compliance issues under U.S. law.

Certain of our non-U.S. subsidiaries conduct business in countries subject to U.S. economic sanctions, including Iran. U.S. and EU laws and regulations prohibit certain persons from engaging in business activities, in whole or in part, with sanctioned countries, organizations and individuals.

We have and continue to adopt more significant compliance policies and procedures to ensure compliance with all applicable sanctions laws and regulations. In connection with our continuing review of compliance risks in this area, we made a voluntary disclosure of certain matters to the U.S. Treasury Department and intend to continue cooperating fully with that agency. We cannot at this point in time predict the outcome of this matter because our investigation is ongoing, but there is a risk that we could be subject to civil and criminal penalties.

We have made the decision to terminate all business by us and our direct and indirect subsidiaries with the government, entities and individuals in Iran, Syria and Sudan. We have notified our counterparties in these countries of our decision and may be subject to legal actions to enforce agreements with the counterparties. These activities present a potential risk that could subject us to private legal proceedings that could be material to us. At this time, we cannot predict the outcome because our withdrawal activities are ongoing.

Our operations could be adversely affected by labor relations.

The vast majority of our employees located in Europe and South America are represented by labor unions and work councils. Approximately 900 of our employees located in North America are represented by labor unions. Of the North American employees, approximately 50% include our employees that are covered by a collective bargaining agreement between Houston Refining LP and the United Steelworkers Union, which expires on January 31, 2012.

Our operations have been in the past, and may be in the future, significantly and adversely affected by strikes, work stoppages and other labor disputes.

Table of Contents

We cannot predict with certainty the extent of future costs under environmental, health and safety and other laws and regulations, and cannot guarantee they will not be material.

We may face liability arising out of the normal course of business, including alleged personal injury or property damage due to exposure to chemicals or other hazardous substances at our current or former facilities or chemicals that we manufacture, handle or own. In addition, because our products are components of a variety of other end-use products, we, along with other members of the chemical industry, are subject to potential claims related to those end-use products. Any substantial increase in the success of these types of claims could negatively affect our operating results.

We (together with the industries in which we operate) are subject to extensive national, regional, state and local environmental laws, regulations, directives, rules and ordinances concerning

emissions to the air;

discharges onto land or surface waters or into groundwater; and

the generation, handling, storage, transportation, treatment, disposal and remediation of hazardous substances and waste materials.

Many of these laws and regulations provide for substantial fines and potential criminal sanctions for violations. Some of these laws and regulations are subject to varying and conflicting interpretations. In addition, some of these laws and regulations require us to meet specific financial responsibility requirements. Any substantial liability for environmental damage could have a material adverse effect on our financial condition, results of operations and cash flows.

Although we have compliance programs and other processes intended to ensure compliance with all such regulations, we are subject to the risk that our compliance with such regulations could be challenged. Non-compliance with certain of these regulations could result in the incurrence of additional costs, penalties or assessments that could be material.

Our industry is subject to extensive government regulation, and existing or future regulations may restrict our operations, increase our costs of operations or require us to make additional capital expenditures.

Compliance with regulatory requirements could result in higher operating costs, such as regulatory requirements relating to emissions, the security of our facilities, and the transportation, export or registration of our products. We generally expect that regulatory controls worldwide will become increasingly more demanding, but cannot accurately predict future developments. Increasingly strict environmental laws and inspection and enforcement policies, could affect the handling, manufacture, use, emission or disposal of products, other materials or hazardous and non-hazardous waste. Stricter environmental, safety and health laws, regulations and enforcement policies could result in increased operating costs. Additionally, we are required to have permits for our businesses and are subject to licensing regulations. These permits and licenses are subject to renewal, modification and in some circumstances, revocation. Further, the permits and licenses are often difficult, time consuming and costly to obtain and could contain conditions that limit our operations.

We may incur substantial costs to comply with climate change legislation and regulatory initiatives.

There has been a broad range of proposed or promulgated state, national and international laws focusing on greenhouse gas (GHG) reduction. These proposed or promulgated laws apply or could apply in countries where we have interests or may have interests in the future. Laws in this field continue to evolve and, while they are likely to be

increasingly widespread and stringent, at this stage it is not possible to accurately estimate either a timetable for implementation or our future compliance costs relating to implementation. Within the framework of EU emissions trading, we were allocated certain allowances of carbon dioxide per year for the affected plants of our European sites for the 2005 to 2007 period. For the second trading period (2008 to 2012), a number of our plants are included in the Europe-wide trading system. We expect to incur additional costs as a result of the existing emissions trading scheme and could incur additional costs in relation

to any future carbon or other greenhouse gas emission trading schemes. The costs could be higher to the extent that we decide to sell credits that we need in the future.

In the U.S., the Environmental Protection Agency (the EPA) has promulgated federal GHG regulations under the Clean Air Act affecting certain sources. The EPA has issued mandatory GHG reporting requirements which could lead to further obligations. The recent EPA action could be a precursor to further federal regulation of carbon dioxide emissions and other greenhouse gases, and may affect the outcome of other climate change lawsuits pending in U.S. federal courts in a manner unfavorable to our industry. In any event, additional regulation is likely to be forthcoming at the U.S. federal level or the state level with respect to GHG emissions, and such regulation could result in the creation of additional costs in the form of taxes or required acquisition or trading of emission allowances.

Compliance with these or other changes in laws, regulations and obligations that create a GHG emissions trading scheme or GHG reduction policies generally could significantly increase our costs or reduce demand for products we produce. Depending on the nature of potential regulations and legislation, any future laws and regulations could result in increased compliance costs or additional operating restrictions, and could have a material adverse effect on our business and results of operations.

Legislation and regulatory initiatives could lead to a decrease in demand for our products.

New or revised governmental regulations and independent studies relating to the effect of our products on health, safety and the environment may affect demand for our products and the cost of producing our products. Initiatives by governments and private interest groups will potentially require increased toxicological testing and risk assessments of a wide variety of chemicals, including chemicals used or produced by us. For example, in the United States, the National Toxicology Program (NTP) is a federal interagency program that seeks to identify and select for study chemicals and other substances to evaluate potential human health hazards. In the European Commission, REACh is regulation designed to identify the intrinsic properties of chemical substances, assess hazards and risks of the substances, and identify and implement the risk management measures to protect humans and the environment.

Assessments by the NTP, REACh or similar programs or regulations in other jurisdictions may result in heightened concerns about the chemicals we use or produce and may result in additional requirements being placed on the production, handling, labeling or use of those chemicals. Such concerns and additional requirements could also increase the cost incurred by our customers to use our chemical products and otherwise limit the use of these products, which could lead to a decrease in demand for these products. Such a decrease in demand could have an adverse impact on our business and results of operations.

We operate internationally and are subject to exchange rate fluctuations, exchange controls, political risks and other risks relating to international operations.

We operate internationally and are subject to the risks of doing business on a global level, including fluctuations in currency exchange rates, transportation delays and interruptions, war, terrorist activities, epidemics, pandemics, political and economic instability and disruptions, restrictions on the transfer of funds, the imposition of duties and tariffs, import and export controls, changes in governmental policies, labor unrest and current and changing regulatory environments. Recent demonstrations and popular unrest in portions of the Middle East are examples of these events.

These events could reduce the demand for our products, decrease the prices at which we can sell our products, disrupt production or other operations, require substantial capital and other costs to comply, and/or increase security costs or insurance premiums, all of which could reduce our operating results. In addition, we obtain a substantial portion of our principal raw materials from international sources that are subject to these same risks. Our compliance with applicable customs, currency exchange control regulations, transfer pricing regulations or any other laws or regulations to which

we may be subject could be challenged. Furthermore, these laws may be modified, the result of which may be to prevent or limit subsidiaries from transferring cash to us.

Table of Contents

Furthermore, we are subject to certain existing, and may be subject to possible future, laws that limit or may limit our activities while some of our competitors may not be subject to such laws, which may adversely affect our competitiveness.

In addition, we generate revenues from export sales and operations that may be denominated in currencies other than the relevant functional currency. Exchange rates between these currencies and functional currencies in recent years have fluctuated significantly and may do so in the future. Future events, which may significantly increase or decrease the risk of future movement in currencies in which we conduct our business, cannot be predicted. We also may hedge certain revenues and costs using derivative instruments to minimize the impact of changes in the exchange rates of those currencies compared to the respective functional currencies. It is possible that fluctuations in exchange rates will result in reduced operating results.

Significant changes in pension fund investment performance or assumptions relating to pension costs may adversely affect the valuation of pension obligations, the funded status of pension plans, and our pension cost.

Our pension cost is materially affected by the discount rate used to measure pension obligations, the level of plan assets available to fund those obligations at the measurement date and the expected long-term rate of return on plan assets. Significant changes in investment performance or a change in the portfolio mix of invested assets may result in corresponding increases and decreases in the valuation of plan assets, particularly equity securities, or in a change of the expected rate of return on plan assets. Any change in key actuarial assumptions, such as the discount rate, would impact the valuation of pension obligations, affecting the reported funded status of our pension plans as well as the net periodic pension cost in the following fiscal years.

Certain of our current pension plans are underfunded. As of December 31, 2010, our pension plans were underfunded by $1,173 million. Any declines in the fair values of the pension plans assets could require additional payments by us in order to maintain specified funding levels.

Our pension plans are subject to legislative and regulatory requirements of applicable jurisdictions, which could include, under certain circumstances, local governmental authority to terminate the plan.

We may be required to record material charges against our earnings due to any number of events that could cause impairments to our assets.

We may be required to reduce production at or idle facilities for extended periods of time or exit certain businesses as a result of the cyclical nature of our industry. Specifically, oversupplies of or lack of demand for particular products or high raw material prices may cause us to reduce production. We may choose to reduce production at certain facilities because we have off-take arrangements at other facilities, which makes any reductions or idling unavailable at those facilities. Any decision to permanently close facilities or exit a business likely would result in impairment and other charges to earnings.

Temporary outages at our facilities can last for several quarters and sometimes longer. These outages could cause us to incur significant costs, including the expenses of maintaining and restarting these facilities. In addition, even though we may reduce production at facilities, we may be required to continue to purchase or pay for utilities or raw materials under take-or-pay supply agreements.

Many of our businesses depend on our intellectual property. Our future success will depend in part on our ability to protect our intellectual property rights, and our inability to do so could reduce our ability to maintain our competitiveness and margins.

We have a significant worldwide patent portfolio of issued and pending patents. These patents, together with proprietary technical know-how, are significant to our competitive position, particularly with regard to PO, performance chemicals, petrochemicals, and polymers, including process technologies such as *Spheripol*, *Spherizone*, *Hostalen*, *Spherilene*, *Lupotech T* and *Lupotech G* and *Avant* catalyst family technology rights. We rely on the patent, copyright and trade secret laws of the countries in which we operate to protect our

investment in research and development, manufacturing and marketing. However, we may be unable to prevent third parties from using our intellectual property without authorization. Proceedings to protect these rights could be costly, and we may not prevail.

The protection afforded by patents varies from country to country and depends upon the type of patent and its scope of coverage. While a presumption of validity exists with respect to patents issued to us, our patents may be challenged, invalidated, circumvented or rendered unenforceable. As patents expire, the products and processes described and claimed under those patents become generally available for use by competitors.

Our continued growth strategy may bring us to regions of the world where intellectual property protection may be limited and difficult to enforce. In addition, patent rights may not prevent our competitors from developing, using or selling products that are similar or functionally equivalent to our products. Moreover, our competitors or other third parties may obtain patents that restrict or preclude our ability to lawfully produce or sell our products in a competitive manner, which could result in significantly lower revenues, reduced profit margins or loss of market share.

We also rely upon unpatented proprietary know-how and continuing technological innovation and other trade secrets to develop and maintain our competitive position. While it is our policy to enter into confidentiality agreements with our employees and third parties to protect our intellectual property, these confidentiality agreements may be breached, may not provide meaningful protection or adequate remedies may not be available. Additionally, others could obtain knowledge of our trade secrets through independent development or other access by legal or illegal means.

The failure of our patents or confidentiality agreements to protect our processes, apparatuses, technology, trade secrets or proprietary know-how could result in significantly lower revenues, reduced profit margins and cash flows and/or loss of market share. We also may be subject to claims that our technology, patents or other intellectual property infringes on a third party s intellectual property rights. Unfavorable resolution of these claims could result in restrictions on our ability to deliver the related service or in a settlement that could be material to us.

We may not be able to fully or successfully implement our ongoing plans to improve and globally integrate our business processes and functions.

We continue to seek ways to drive greater productivity, flexibility and cost savings. In particular, we are working towards the improvement and global integration of our business processes and functions. As part of these efforts, we have been centralizing certain functions, implementing new information technology, and integrating our existing information technology systems.

Our ongoing implementation of organizational improvements is made more difficult by our need to coordinate geographically dispersed operations. Inabilities and delays in implementing improvements can negatively affect our ability to realize projected or expected cost savings. In addition, the process of organizational improvements may cause interruptions of, or loss of momentum in, the activities of our businesses. It may also result in the loss of personnel or other labor issues. These issues, as well as any information technology systems failures, also could impede our ability to timely collect and report financial results in accordance with applicable laws and regulations.

Shared control or lack of control of joint ventures may delay decisions or actions regarding the joint ventures.

A portion of our operations are conducted through joint ventures, where control may be exercised by or shared with unaffiliated third parties. We cannot control the actions of our joint venture partners, including any nonperformance, default or bankruptcy of joint venture partners. The joint ventures that we do not control may also lack adequate internal controls systems.

In the event that any of our joint venture partners do not observe their obligations, it is possible that the affected joint venture would not be able to operate in accordance with our business plans. As a result, we

could be required to increase our level of commitment in order to give effect to such plans. Differences in views among the joint venture participants also may result in delayed decisions or in failures to agree on major matters, potentially adversely affecting the business and operations of the joint ventures and in turn our business and operations.

Litigation or governmental proceedings could result in material adverse consequences, including judgments or settlements.

We are involved in civil litigation in the ordinary course of our business and from time-to-time are involved in governmental proceedings relating to the conduct of our business. The timing of the final resolutions to these types of matters is often uncertain. Additionally, the possible outcomes or resolutions to these matters could include adverse judgments or settlements, either of which could require substantial payments, adversely affecting our liquidity and earnings.

Our capital requirements could limit or cause us to change our growth and development plans.

At June 30, 2011, we have approximately $5.9 billion of total consolidated debt. Our debt and the limitations imposed on us by our financing arrangements could:

- require us to dedicate a substantial portion, or all, of our cash flow from operations to payments of principal and interest on our debt;
- make us more vulnerable during downturns , which could limit our ability to take advantage of significant business opportunities and react to changes in our business and in market or industry conditions; and
- put us at a competitive disadvantage relative to competitors that have less debt.

If our cash flow from operations and capital resources were reduced, we may be forced to reduce or delay investments and capital expenditures or other planned uses of our cash due to our substantial debt service obligations. We could choose to sell assets, seek additional capital or restructure or refinance our indebtedness, but there can be no assurances that we would be able to do so on terms we deem acceptable, if at all. Additionally, our debt instruments may limit our ability to effect such actions.

Our debt or other financing arrangements contain a number of restrictive covenants that impose operating and financial restrictions on us. There also is a minimum fixed charge coverage ratio contained in our U.S. ABL Facility that is applicable if availability under the facility falls below certain levels. We currently are in compliance with all of our restrictive and financial covenants; however, the ability to meet financial requirements can be affected by events beyond our control and, over time, these covenants may not be satisfied.

A breach of covenants of or the failure to pay principal and interest when due under our debt or other financing could result in a default or cross-default under all or some of those instruments. Any such default could result in an acceleration of all amounts outstanding under all facilities, and could relieve counterparties of their obligations to fund or otherwise make advances. Without waivers from the parties to our financing arrangements, any such default would have a material adverse effect on our ability to continue to operate.

A substantial portion of our shares are owned by a few persons, and their interests in LyondellBasell Industries N.V. may conflict with other stakeholders interests.

As of June 22, 2011, two of our shareholders collectively own approximately 45% of our outstanding ordinary shares. Under Dutch law, there are no quorum requirements for shareholder voting and most matters are approved or adopted by a majority of votes cast. As a result, as long as these shareholders or any other substantial shareholder own, directly or indirectly, a substantial portion of our outstanding shares, they will be able to significantly influence all matters requiring shareholder approval, including amendments to our Articles of Association, the election of directors, significant corporate transactions, dividend payments and other

Table of Contents

matters. These shareholders may have interests that conflict with other stakeholders, including holders of the exchange notes, and actions may be taken that other stakeholders do not view as beneficial.

Additionally, these shareholders are party to a nomination agreement that entitles each of the shareholders cause our Supervisory Board to nominate for election members to our Supervisory Board for so long as the shareholder owns specified percentages of our ordinary shares.

U.S. anti-inversion rules may apply to LyondellBasell Industries N.V. resulting in certain adverse U.S. federal income tax consequences.

The U.S. Internal Revenue Service (IRS) could seek to apply Section 7874 of the IRC to treat LyondellBasell Industries N.V. as a U.S. corporation for U.S. federal income tax purposes or, alternatively, it could seek to impose U.S. federal income tax on certain income of our U.S. subsidiaries. Such an application would be based upon the value of stock issued in our emergence from Chapter 11 that the former creditors and shareholders of our top U.S. holding company and its direct and indirect subsidiaries received by reason of holding claims against those entities.

Treatment as a U.S. corporation could result in significantly increased U.S. federal income tax liability to us. Application of the alternative could impose U.S. federal income tax on our U.S. subsidiaries.

Although no assurance can be given that the IRS would not take a contrary position regarding Section 7874 s application or that such position, if asserted, would not be sustained, we believe that the stock issued in connection with our emergence from the Bankruptcy Cases that is attributable to the value of the claims against our companies outside the U.S. Group makes a Section 7874 inapplicable to us. In addition, we believe that strong arguments can be made that Section 7874 should not in any event apply to us because of the substantial business activities that we and our affiliates conduct and have historically conducted in The Netherlands.

Table of Contents

USE OF PROCEEDS

The exchange offer is intended to satisfy our obligations under the registration rights agreement. We will not receive any proceeds from the issuance of the exchange notes in the exchange offer. In consideration for issuing the exchange notes as contemplated by this prospectus, we will receive outstanding notes in a like principal amount. The form and terms of the exchange notes are identical in all respects to the form and terms of the outstanding notes, except the exchange notes will be registered under the Securities Act and will not contain restrictions on transfer, registration rights or provisions for additional interest. Outstanding Notes surrendered in exchange for exchange notes will be retired and cancelled and will not be reissued. Accordingly, the issuance of exchange notes will not result in any change in outstanding indebtedness.

Table of Contents

HISTORICAL AND SELECTED FINANCIAL INFORMATION

See Management s Discussion and Analysis of Financial Condition and Results of Operations for a discussion of factors that will enhance an understanding of this data.

The following selected financial data of the Company and its predecessor, LyondellBasell AF, should be read in conjunction with the Consolidated Financial Statements and related notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations, below. The selected financial data of the Company and the Predecessor were derived from their consolidated financial statements. Those financial statements were prepared from the books and records of LyondellBasell AF for periods through April 30, 2010 and of the Company upon emergence from bankruptcy after that date. As discussed elsewhere in this prospectus, we became the successor parent holding company of the subsidiaries of LyondellBasell AF and the reporting entity upon completion of the bankruptcy proceedings. Financial information is reported for the Company as the successor on a basis different from financial information of the predecessor, LyondellBasell AF. As a result of the application of fresh-start accounting and restructuring activities pursuant to the Plan of Reorganization, the Successor period is not comparable to the Predecessor period.

	Successor			Predecessor				
	Six Months Ended June 30, 2011	May 1 through December 31, 2010	May 1 through June 30, 2010	January 1 through April 30, 2010	For the Year Ended December 31, 2009	2008	2007(a)	2006
In millions of dollars								
Results of Operations Data:								
Sales and other operating revenues	$ 26,294	$ 27,684	$ 6,772	$ 13,467	$ 30,828	$ 50,706	$ 17,120	$ 13,175
Interest expense	(340)	(545)	(132)	(713)	(1,795)	(2,476)	(353)	(332)
Income (loss) from equity investments(b)	131	86	27	84	(181)	38	162	130
Income (loss) from continuing operations(c)	1,463	1,516	347	8,504	(2,872)	(7,343)	661	396
Earnings per share from continuing operations:								
Basic	2.58	2.68	0.60					
Diluted	2.56	2.67	0.60					
Income (loss) from discontinued operations, net of tax		64			1	15		
Earnings per share from discontinued operations:								

Basic		0.11					
Diluted		0.11					
Balance Sheet Data:							
Total assets	28,475	25,302	23,783	27,761	28,651	39,728	9,549
Short-term debt	50	42	557	6,182	774	2,415	779
Long-term debt(d)	5,815	6,040	6,753	802	23,195	22,000	3,364
Cash and cash equivalents	4,687	4,222	3,753	558	858	560	830
Accounts receivable	4,901	3,747	3,533	3,287	2,585	4,165	2,041
Inventories	5,577	4,824	4,372	3,277	3,314	5,178	1,339
Working capital	6,479	5,810	5,379	4,436	3,237	5,019	1,900
Liabilities subject to compromise				22,494			

Table of Contents

	Successor			Predecessor			
	Six Months Ended June 30, 2011	May 1 through December 31, 2010	May 1 through June 30, 2010	January 1 through April 30, 2010	For the Year Ended December 31, 2009	2008	2007(a)	2006
In millions of dollars								
Cash Flow Data:								
Cash provided by (used in):								
Operating activities	1,247	2,957	1,105	(925)	(787)	1,090	1,180	1,034
Investing activities	(651)	(312)	(110)	(224)	(611)	(1,884)	(11,899)	(535)
Expenditures for property, plant and equipment	(482)	(466)	(113)	(226)	(779)	(1,000)	(411)	(263)
Financing activities	(299)	(1,194)	133	3,315	1,101	1,083	10,416	(190)

(a) Results of operations and cash flow data reflect the acquisition of Lyondell Chemical from December 21, 2007. Balance sheet data include Lyondell Chemical balances as of December 31, 2007. Results of operations and cash flow data for the year ended December 31, 2006 do not reflect Lyondell Chemical, and balance sheet data as of December 31, 2006 does not reflect Lyondell Chemical.

(b) Loss from equity investments for the year ended December 31, 2009 includes pre-tax charges of $228 million for impairment of the carrying value of our investments in certain joint ventures.

(c) Income from continuing operations for the eight months ended December 31, 2010 and the four months ended April 30, 2010, respectively, included an after-tax charge of $15 million and after-tax income of $8,640 million related to reorganization items. Loss from continuing operations for the year ended December 31, 2009 included after-tax charges of $1,925 million related to reorganization items and $11 million for impairments of goodwill and other assets and $228 million for the impairment of the carrying value of our investments in certain joint ventures, partially offset by $78 million of involuntary conversion gains related to insurance proceeds for damages sustained in 2005 at a polymers plant in Münchsmünster, Germany. Loss from continuing operations for the year ended December 31, 2008 included after-tax charges of $4,982 million related to the impairment of goodwill, $816 million to adjust the value of inventory to market value and $146 million, primarily for impairment of the carrying value of the Berre Refinery, all of which were partially offset by $51 million of involuntary conversion gains related to insurance proceeds for damages sustained at the Münchsmünster polymers plant. Income from continuing operations for the year ended December 31, 2007 included after-tax benefits of $130 million from the $200 million break-up fee related to a proposed merger with the Huntsman group, partially offset by after tax-charges of $95 million related to the in-process research and development acquired in the acquisition of Lyondell Chemical, and $13 million related to asset impairments of the carrying value of a plant in Canada and capitalized engineering costs for a new polymers plant in Germany. Income from continuing operations for the year ended December 31, 2006 included after-tax asset impairment charges of $27 million primarily for goodwill related to a 2005 acquisition of an ethylene business in France. After-tax amounts included herein generally have been tax effected using the U.S. statutory rate of 35%.

(d) Includes current maturities of long-term debt.

Table of Contents

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our consolidated ratios of earnings to fixed charges for the periods:

	Successor			Predecessor				
	Six Months Ended June 30, 2011	May 1 through December 31, 2010	May 1 through June 30, 2010	January 1 through April 30, 2010	For the Year Ended December 31, 2009	December 31, 2008	December 31, 2007	
Ratio of earnings to fixed charges(a)	6.40x	3.71x	3.49x	10.47x			3.44x	

(a) For the years 2009 and 2008, earnings were insufficient to cover fixed charges by $4,076 million and $8,131 million, respectively.

We computed our consolidated ratios of earnings to fixed charges by dividing earnings available for fixed charges by fixed charges. For this purpose, earnings available for fixed charges consists of earnings before income taxes, undistributed earnings from affiliated companies non-controlling interests, cumulative effect of accounting changes, and fixed charges, excluding capitalized interest. Fixed charges are interest, whether expensed or capitalized, amortization of debt expense and discount on premium relating to indebtedness, and such portion of rental expense that can be demonstrated to be representative of the interest factor in the particular case.

We did not have any preferred stock outstanding and there were no preferred stock dividends paid or accrued during the periods presented above.

Table of Contents

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the Historical and Selected Financial Information and the financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties, and actual results could differ materially from those discussed in the forward-looking statements as a result of numerous factor. The forward looking statements are dependent upon events, risks and uncertainties that may be outside our control. Our actual results could differ materially from those discussed in these forward looking statements.

GENERAL

This discussion should be read in conjunction with the information contained in our Consolidated Financial Statements, and the notes thereto contained elsewhere in this prospectus. When we use the terms we, us, our or similar words in this discussion, unless the context otherwise requires, we are referring to LyondellBasell Industries N.V. and its consolidated subsidiaries. We also refer to the Company as LyondellBasell N.V., the Successor Company, and the Successor.

In addition to comparisons of our operating results with the same period in the prior year, we have included, as additional disclosure, certain trailing quarter comparisons of second quarter 2011 operating results to first quarter 2011 operating results and fourth quarter 2010 operating results to third quarter 2010 operating results. Our businesses are highly cyclical, in addition to experiencing some less significant seasonal effects. Trailing quarter comparisons may offer important insight into current business direction.

References to industry benchmark prices or costs, including the weighted average cost of ethylene production, are generally to industry prices and costs reported by CMAI, except that references to industry benchmarks for refining and oxyfuels market margins are to industry prices reported by Platts, a reporting service of The McGraw-Hill Companies and crude oil and natural gas benchmark price references are to Bloomberg.

OVERVIEW

Our performance is driven by, among other things, global economic conditions generally and their impact on demand for our products, raw material and energy prices, and industry-specific issues, such as production capacity. Our businesses are subject to the cyclicality and volatility seen in the chemicals and refining industries generally.

Foreign Currency Translations of Non-U.S. Denominated Financial Statements In countries outside of the United States, we generally generate revenues and incur operating expenses denominated in local currencies. The predominant local currency of our operations outside of the United States is the Euro. The gains and losses that result from the process of translating foreign functional currency financial statements to U.S. dollars are included in Accumulated other comprehensive income (loss) in Stockholders equity. These translation adjustments may be significant in any given period, based on the fluctuations of the Euro relative to the U.S. Dollar. In the quarters ended June 30, 2011 and March 31, 2011, increases in the value of the U.S. dollar relative to the Euro resulted in gains of $124 million and $376 million, respectively. Such gains, which are reflected in the $500 million gain in Accumulated other comprehensive income on the consolidated statement of stockholders equity at June 30, 2011, represent increases to comprehensive income for the respective periods.

EMERGENCE FROM CHAPTER 11 PROCEEDINGS

Bankruptcy Filing On January 6, 2009, certain of LyondellBasell AF s U.S. subsidiaries and one of its European holding companies, Basell Germany Holdings GmbH (Germany Holdings and collectively, the Initial Debtors) filed voluntary petitions for relief under chapter 11 of the U.S. Bankruptcy Code. In addition, voluntary petitions for relief under chapter 11 of the U.S. Bankruptcy Code were filed by LyondellBasell AF and its General Partner, LyondellBasell AF GP S.à.r.l. on April 24, 2009 and by thirteen

additional U.S. subsidiaries on May 8, 2009 (collectively with the Initial Debtors, the Debtors). All 94 of these cases (the Bankruptcy Cases) were jointly administered under the caption *In re Lyondell Chemical Company, et al*, and the Debtors operated their businesses and managed their properties as debtors-in-possession under the jurisdiction of the U.S. Bankruptcy Court and in accordance with the applicable provisions of the U.S. Bankruptcy Code and orders of the U.S. Bankruptcy Court.

On April 23, 2010, the U.S. Bankruptcy Court confirmed LyondellBasell AF s Third Amended and Restated Plan of Reorganization and the Debtors emerged from chapter 11 protection on April 30, 2010 (the Emergence Date). As a result of the emergence from chapter 11 proceedings, certain prepetition liabilities against the Debtors were discharged to the extent set forth in the Plan of Reorganization and otherwise applicable law and the Debtors made distributions to their creditors in accordance with the terms of the Plan of Reorganization.

Plan of Reorganization LyondellBasell N.V. became the successor parent holding company for the subsidiaries of LyondellBasell AF after completion of the Bankruptcy Cases. LyondellBasell N.V. is a company with limited liability (*Naamloze Vennootschap*) incorporated under Dutch law by deed of incorporation dated October 15, 2009. LyondellBasell AF, which was the predecessor parent holding company, is no longer part of the consolidated LyondellBasell group subsequent to the Emergence Date.

Under the Plan of Reorganization, the organizational structure of the Company in North America was simplified by the removal of 90 legal entities. The ultimate ownership of 49 of these entities (identified as Schedule III Debtors in the Plan of Reorganization) was transferred to a new owner, the Millennium Custodial Trust, a trust established for the benefit of certain creditors, and these entities are no longer part of LyondellBasell N.V. In addition, certain real properties owned by the Debtors, including the Schedule III Debtors, were transferred to the Environmental Custodial Trust, which now owns and is responsible for these properties. Any associated liabilities of the entities transferred to and owned by the Millennium Custodial Trust are the responsibility of those entities and claims regarding those entities will be resolved solely using their assets and the assets of the trust. In total, $250 million of cash was used to fund the two trusts, including approximately $80 million for the Millennium Custodial Trust and approximately $170 million for the Environmental Custodial Trust and to make certain direct payments to the Environmental Protection Agency and certain state environmental agencies.

Pursuant to the Plan of Reorganization, administrative and priority claims, as well as the new money debtor-in-possession (DIP) financing that had been incurred during the bankruptcy proceedings were repaid in full. The lenders of certain DIP loans representing a dollar-for-dollar roll-up or conversion of previously outstanding senior secured loans (DIP Roll-up Notes) received Senior Secured 11% Notes in the same principal amount as the DIP Roll-up Notes. Holders of senior secured claims received a combination of LyondellBasell N.V. class A ordinary shares; rights to purchase class B ordinary shares of LyondellBasell N.V.; LyondellBasell N.V. warrants to purchase class A ordinary shares; and cash in exchange for their claims. Pursuant to the Amended Lender Litigation Settlement approved by the U.S. Bankruptcy Court on March 11, 2010, allowed general unsecured claims received a combination of cash and class A ordinary shares of LyondellBasell N.V.

See Liquidity and Capital Resources below for a discussion of the emergence financing.

Tax Impact of Reorganization Under the Plan of Reorganization, LyondellBasell AF s pre-petition debt securities, revolving credit facility and other obligations were extinguished. Absent an exception, a debtor recognizes cancellation of indebtedness income (CODI) upon discharge of its outstanding indebtedness for an amount of consideration that is less than its adjusted issue price. The Internal Revenue Code of 1986, as amended (IRC), provides that a debtor in a bankruptcy case may exclude CODI from income, but must reduce certain of its tax attributes by the amount of any CODI realized as a result of the consummation of a plan of reorganization. The amount of CODI realized by a taxpayer is the adjusted issue price of any indebtedness discharged less the sum of

(i) the amount of cash paid, (ii) the issue price of any new indebtedness issued and (iii) the fair market value of any other consideration, including equity, issued. As a result of the market value of our equity on the Emergence Date, the estimated amount of CODI exceeded the estimated amount of its tax attributes by approximately $7,433 million. The actual reduction in tax attributes does not occur until the first day of the subsequent tax year, or January 1, 2011.

Table of Contents

As a result of tax attribute reduction, we do not expect to retain any U.S. net operating loss carryforwards, alternative minimum tax credits or capital loss carryforwards. In addition, we expect that a substantial amount of our tax basis in depreciable assets will be eliminated. Accordingly, it is expected that our liability for U.S. income taxes in future periods will reflect these adjustments and our estimated cash tax liabilities for the years following 2010 will be significantly higher than in 2009 or 2010. This situation may be somewhat postponed by the temporary bonus depreciation provisions contained in the Job Creation Act of 2010, which allows current year expensing for certain qualified acquisitions. As a result of certain prior year limitations on the deductibility of our interest expense in the U.S., we did retain approximately $2,500 million of interest carryforwards which are available to offset future taxable income, subject to certain limitations.

The Company recorded its adjusted taxes in fresh-start accounting without adjustment for estimated changes of tax attributes that could occur from May 1, 2010 to January 1, 2011, the date of actual reduction of tax attributes. Any adjustment to our tax attributes as a result of events or transactions that occurred during the period from May 1, 2010 to December 31, 2010 is reflected in the earnings of the Successor Company.

IRC Sections 382 and 383 provide an annual limitation with respect to the ability of a corporation to utilize its tax attributes, as well as certain built-in-losses, against future U.S. taxable income in the event of a change in ownership. The emergence from chapter 11 proceedings is considered a change in ownership for purposes of IRC Section 382. The limitation under the IRC is based on the value of the corporation as of the Emergence Date. We do not expect that the application of these limitations will have a material affect upon our U.S. federal income tax liabilities. Germany has similar provisions that preclude the use of certain tax attributes generated prior to a change of control. As of the Emergence Date, the Company had tax benefits associated with excess interest expense carryforwards of $16 million in Germany that were eliminated as a result of the emergence. The reversal of tax benefits associated with the loss of these carryforwards is reflected in the Predecessor period.

Our current and future provisions for income taxes are significantly impacted by the initial recognition of, and changes in, valuation allowances in certain countries and are dependent upon future earnings and earnings sustainability in those jurisdictions. Consequently, our effective tax rate of 10.1% in the Successor period is not indicative of future effective tax rates.

Financial Information Following the completion of the Bankruptcy Cases, LyondellBasell AF s equity interests in its indirect subsidiaries terminated and LyondellBasell N.V., the successor holding company, now owns and operates, directly and indirectly, substantially the same business owned and operated by LyondellBasell AF prior to emergence from bankruptcy. For accounting purposes, the operations of LyondellBasell AF are deemed to have ceased on April 30, 2010 and LyondellBasell N.V. is deemed to have begun operations on that date. Effective May 1, 2010, we adopted fresh-start accounting. References in the following discussions to the Company for periods prior to April 30, 2010, the Emergence Date, are to the Predecessor Company and, for periods after the Emergence Date, to the Successor Company.

The accompanying consolidated financial statements present separately the period prior to April 30, 2010 and the period after emergence from bankruptcy to recognize the application of fresh-start accounting. Management believes that combining the Successor and Predecessor periods for the year ended December 31, 2010, which is a non-GAAP presentation, provides a more meaningful comparison of the 2010, 2009 and 2008 results of operations and cash flows when considered with the effects of fresh-start accounting described below. As a result, we have combined the periods in our discussion to enable a more meaningful analysis of year over year results. The effects of fresh-start accounting are specifically addressed throughout the discussion to ensure a proper analysis. References in the following discussion to results for the year ended December 31, 2010 are to the combined Successor and Predecessor periods unless otherwise specifically described as Successor or Predecessor.

The primary impacts of our reorganization pursuant to the Plan of Reorganization and the adoption of fresh-start accounting on our results of operations are as follows:

Inventory We adopted the last in, first out (LIFO) method of accounting for inventory upon implementation of fresh-start accounting. Prior to the emergence from bankruptcy, LyondellBasell AF used

Table of Contents

both the first in, first out (FIFO) and LIFO methods of accounting to determine inventory cost. For purposes of evaluating segment results, management reviewed operating results for LyondellBasell AF determined using current cost, which approximates results using the LIFO method of accounting for inventory. Subsequent to the Emergence Date, our operating results are reviewed using the LIFO method of accounting for inventory. While determining the impact of the adoption of LIFO on predecessor periods is not practicable, we believe that the current cost method used by the Predecessor for segment reporting is similar to LIFO and the current cost method would have resulted in a decrease of cost of sales of $29 million and $199 million for the twelve months ended December 31, 2009 and four months ended April 30, 2010, respectively.

In addition, on April 30, 2010, pursuant to ASC Topic 852, *Reorganizations*, we recorded inventory at fair value. The increase in inventory of $1,297 million was primarily in the U.S. and was largely driven by the price of crude oil. The decline of the per barrel benchmark price of crude oil from $86.15 at April 30, 2010 to $75.63 at June 30, 2010 contributed to a $333 million lower of cost or market charge in the second quarter 2010, primarily to our raw materials and finished goods inventory. In the third quarter 2010, lower market prices, primarily for polypropylene, resulted in an additional $32 million lower of cost or market charge to adjust the value of our finished goods inventory to market. During the fourth quarter 2010, we recorded a $323 million non-cash credit to reflect the market price recovery of WTI crude oil, substantially offsetting the second quarter 2010 lower of cost or market adjustment to our raw materials inventory. The effect of these adjustments to the value of our inventory is reflected in cost of sales for the Successor period.

Depreciation and amortization expense Depreciation and amortization expense is lower in the Successor period as a result of our revaluation of assets for fresh-start accounting. For additional information on the revaluation of assets, see Note 4 to the LyondellBasell N.V. Consolidated Financial Statements for the year ended December 31, 2010. Depreciation and amortization as reported for all periods presented is as follows:

	Successor				Predecessor			
	Three Months Ended June 30, 2011	Six Months Ended June 30, 2011	May 1 through December 31, 2010	May 1 through June 30, 2010	April 1 through April 30, 2010	January 1 through April 30, 2010	Twelve Months Ended December 31, 2009	2008
Millions of dollars								
Cost of sales:								
Depreciation	$ 179	$ 339	$ 394	$ 93	$ 116	$ 464	$ 1,412	$ 1,493
Amortization	35	79	142	33	18	75	293	356
Research and development expenses:								
Depreciation	4	9	11	2	3	8	24	23
Selling, general and administrative expenses:								
Depreciation	6	12	11	1	4	18	45	39
	$ 224	$ 439	$ 558	$ 129	$ 141	$ 565	$ 1,774	$ 1,911

Interest expense Lower interest expense in the Successor period was largely driven by the discharge or repayment of debt, upon which interest was accruing during the bankruptcy, through the Company s reorganization on April 30, 2010 pursuant to the Plan of Reorganization, partially offset by interest expense on the new debt incurred as part of the emergence from bankruptcy.

	Successor				Predecessor			
	Three Months Ended June 30, 2011	Six Months Ended June 30, 2011	May 1 through December 31, 2010	May 1 through June 30, 2010	April 1 through April 30, 2010	January 1 through April 30, 2010	Twelve Months Ended December 31, 2009	Twelve Months Ended December 31, 2008
Millions of dollars								
Interest expense	$ 177	$ 340	$ 545	$ 132	$ 302	$ 713	$ 1,795	$ 2,476

Table of Contents

Overview of Results of Operations

Three and Six Months Ended June 30, 2011 versus Three and Six Months Ended June 30, 2010

Global market conditions in the second quarter and first six months of 2011 improved from those experienced in the same periods in 2010 as general economic activities and demand in the durable goods sector, particularly the automotive markets, were higher. As a result, demand and operating rates were higher in 2011 than in 2010.

Excluding the impacts of fresh-start accounting, operating results in the second quarter and first six months 2011 generally reflected higher product margins compared to the same periods in 2010. The O&P-Americas business segment benefited from higher product margins driven by lower natural gas liquid prices relative to the price of crude oil. Higher operating results in the O&P-EAI and the I&D businesses were primarily a reflection of higher product margins and higher sales volumes due to improvement in the global economy and in the durable goods markets. The Refining and Oxyfuels business segment results reflected the benefit of higher refining margins at the Houston refinery. Revenues associated with licenses granted in prior periods contributed to higher results in the Technology segment.

2010 Versus 2009 Global market conditions in 2010 improved from the weak conditions experienced throughout most of 2009 as demand in the durable goods sector, particularly the automotive markets, was higher than in 2009. As a result, demand and operating rates were higher in 2010 than in 2009. In addition, certain of our business segments benefited from planned and unplanned competitor operating disruptions, particularly during the second quarter 2010.

Excluding the impacts of fresh-start accounting discussed above in Emergence from Chapter 11 Proceedings, operating results in 2010 generally reflected higher product margins and higher sales volumes compared to 2009. Reliable operations and the effect of industry supply disruptions resulted in higher product margins and higher sales volumes in the O&P-Americas business segment. Higher operating results in the O&P-EAI and the I&D businesses were primarily a reflection of higher sales volumes and higher product margins due to improvement in the durable goods markets, especially the automotive market. The Refining and Oxyfuels business segment results were higher in 2010 primarily due to higher refining margins at the Houston refinery. Lower licensing revenue contributed to lower results in the Technology segment.

2009 Versus 2008 Although global market conditions in 2009 improved compared to late 2008, compared to the full year 2008, market conditions in 2009 were significantly weaker. Demand was particularly weak in durable goods market sectors, including housing and automotive markets. Similarly, while industry operating rates and sales volumes improved during the course of 2009 compared to late 2008, for the full year 2009, they were below the levels experienced for the full year 2008, despite the significant decline in business activity late in 2008.

Refining margins were significantly lower in 2009 as a result of weak demand for distillates, such as diesel and heating oil. Heavy crude oil refining margins were also negatively affected by a contraction in the differential between the price of light and heavy crude oil. After peaking at a record-setting level in mid-2008, prices for crude oil and NGLs on average were significantly lower in 2009. In 2009, chemical product margins also generally declined because of the weaker pricing environment and lower average sales prices. An exception was the U.S. polyethylene market, which experienced strong export demand and higher product margins during the latter half of 2009.

LyondellBasell AF s underlying operating results in 2009, compared to 2008, primarily reflected the negative effects of significantly lower product margins and sales volumes. These were partly offset by the benefits of lower fixed costs, strong margins for LyondellBasell AF s propylene oxide and advanced polyolefin products and higher U.S. polyethylene margins. A substantial portion of the lower product margins was due to refining operations, while

the lower sales volumes were concentrated in the base chemicals and polymers products and reflected the weakness in demand. The lower fixed costs resulted from LyondellBasell AF s aggressive cost reduction program.

Table of Contents

Net income in 2009 also reflected charges related to LyondellBasell AF s planned reorganization under chapter 11, including professional fees, write offs of plant asset values, contract rejection claims, employee severance costs and other costs associated with the chapter 11 proceedings and plant closures. For a detailed description of reorganization charges, see Results of Operations below.

Net income in 2008 included charges for asset impairments, reflecting declines in the value of inventory, goodwill and other intangible assets, as markets weakened and product sales prices and margins declined significantly at the end of 2008.

Results of operations for the Successor and Predecessor periods discussed in these Results of Operations are presented in the table below.

	Successor				Predecessor			
	Three Months Ended June 30, 2011	Six Months Ended June 30, 2011	May 1 through December 31, 2010	May 1 through June 30, 2010	April 1 through April 30, 2010	January 1 through April 30, 2010	For the Twelve Months Ended December 31, 2009	2008
Millions of dollars								
Sales and other operating revenues	$ 14,042	$ 26,294	$ 27,684	$ 6,772	$ 3,712	$ 13,467	$ 30,828	$ 50,706
Cost of sales	12,474	23,417	24,697	6,198	3,284	12,405	29,372	48,780
Inventory valuation adjustment			42				127	1,256
Impairments			28			9	17	5,207
Selling, general and administrative expenses	247	458	564	129	91	308	850	1,197
Research and development expenses	56	89	99	23	14	55	145	194
Operating income (loss)	1,265	2,330	2,254	422	323	690	317	(5,928)
Interest expense	(177)	(340)	(545)	(132)	(302)	(713)	(1,795)	(2,476)
Interest income	13	21	17	12	3	5	18	69
Other income (expense), net	45	2	(103)	54	(65)	(263)	319	106
Income (loss) from equity investments	73	131	86	27	29	84	(181)	38
Reorganization items	(28)	(30)	(23)	(8)	7,181	7,388	(2,961)	
Provision for (benefit from) income taxes	388	651	170	28	(1,327)	(1,315)	(1,411)	(848)
Income (loss) from discontinued operations, net of tax			64			(2)	1	15

Net income (loss)	$ 803	$ 1,463	$ 1,580	$ 347	$ 8,496	$ 8,504	$ (2,871)	$ (7,328)

Segment operating results discussed below are reviewed for the Successor period using the LIFO method of accounting for inventory and were reviewed for the Predecessor periods on a current cost basis.

RESULTS OF OPERATIONS

Three and Six Months Ended June 30, 2011 versus Three and Six Months Ended June 30, 2010

Revenues Revenues increased by $3,558 million, or 34%, in the second quarter 2011 compared to the second quarter 2010 and $6,055 million, or 30%, in the first six months of 2011 compared to the first six months of 2010. Higher average product prices were responsible for revenue increases of 19% and 17%, respectively, in the second quarter and first six months of 2011, while higher sales volumes added the remaining 15% and 13%, respectively, compared to the same periods in 2010. Average product sales prices were higher across most products and sales volumes increased primarily due to higher refining volumes and, to a lesser extent, higher sales volumes for European olefins and styrene.

Cost of Sales The $2,992 million and $4,805 million increases in cost of sales for the second quarter and first six months was primarily due to higher raw material costs, which reflect the effects of higher prices

Table of Contents

for crude oil and other hydrocarbons compared to the second quarter and first six months of 2010. Depreciation and amortization expense was lower by $46 million and $247 million, respectively, in the second quarter and first six months of 2011 compared to the combined second quarter and first six months of 2010, primarily due to the $7,474 million write-down of Property, plant and equipment associated with the April 2010 revaluation of our assets in fresh-start accounting. The 2010 Successor period included a $333 million non-cash charge to adjust the value of inventory at June 30, 2010 to market value, which was lower than the April 30, 2010 value applied during fresh-start accounting.

SG&A Expenses Selling, general and administrative (SG&A) expenses in the second quarter and first six months of 2011 were higher by $27 million and $21 million, respectively, compared to the second quarter and first six months of 2010. The increases reflect charges associated with activities to reorganize certain functional organizations, partially offset by lower employee-related expenses as a result of a lower headcount.

R&D Expenses Research and development (R&D) expenses in the second quarter and first six months of 2011 increased $19 million and $11 million, respectively, primarily due to $16 million of charges related to employee severance and asset retirement obligations associated with an R&D facility that is being relocated.

Operating Income The increases in operating income in the second quarter and first six months of 2011, compared to the second quarter and first six months of 2010, are primarily due to higher product margins across most of our products, and the effect of higher refining and product sales volumes. Operating results in the second quarter and first six months of 2011 and the Successor period in 2010 benefited from lower depreciation and amortization expense of $46 million, $255 million and $209 million, respectively, primarily due to the $7,474 million write-down of Property, plant, and equipment associated with the revaluation of our assets in fresh-start accounting in April 2010. Results in the 2010 Successor period included a $333 million non-cash charge to adjust inventory as described above. Operating results for each of our business segments are reviewed further in the Segment Analysis section below.

Interest Expense Interest expense was $257 million and $505 million lower in the second quarter and first six months 2011 compared to the same periods in 2010, primarily due to the repayment or discharge of higher cost debt on the Emergence Date in accordance with the Plan of Reorganization, upon which interest had been accruing during the bankruptcy, and the repayment of $1,486 million of debt since the beginning of the fourth quarter 2010.

Other Income (Expense), net Other income, net, in the second quarter and first six months of 2011 included a $41 million gain on the sale of surplus precious metals and the fair value adjustment of the warrants to purchase our shares, which reflected a $6 million benefit in the second quarter 2011 and a negative effect of $59 million in the first six months of 2011. The first six months of 2011 also benefited from $7 million of foreign exchange gains.

Other expense, net, in the second quarter and first six months of 2010 included foreign exchange losses of $14 million and $218 million, respectively. The foreign exchange losses for the first six months of 2010 are primarily related to the revaluation of third party debt of certain of our subsidiaries due to a decrease in the foreign exchange rates in effect at June 30, 2010 compared to December 31, 2009. Such debt was denominated in currencies other than the functional currencies of these subsidiaries and was refinanced upon emergence from bankruptcy.

Reorganization Items The Company had reorganization items expense totaling $28 million and $30 million in the second quarter and first six months of 2011, respectively, and income from reorganization items of $7,173 million and $7,380 million in the second quarter and first six months of 2010. Income from reorganization items in the 2010 periods included gains totaling $13,617 million related to settlement of liabilities subject to compromise, deconsolidation of entities upon emergence, adjustments related to rejected contracts, and a reduction of environmental remediation liabilities. These gains were partially offset by a charge of $6,278 million related to the changes in net assets resulting from the application of fresh-start accounting and by several one-time emergence costs,

including the success and other fees earned by certain

Table of Contents

professionals upon the Company s emergence from bankruptcy, damages related to the rejection of executory contracts and plant closure costs.

Income Tax Our effective income tax rate for the first six months of 2011 was 30.8% resulting in tax expense of $651 million on pretax income of $2,114 million. The 2011 effective income tax rate was lower than the U.S. statutory 35% rate primarily due to the effect of pretax income in countries with lower statutory tax rates and tax deductible foreign currency losses which were partially offset by the non-deductible expenses related to stock warrants. In the two months Successor period ended June 30, 2010, we recorded a tax provision of $28 million, representing an effective tax rate of 7.5% on pre-tax income of $375 million. In the four months ended April 30, 2010, the Predecessor recorded a tax benefit of $1,315 million, representing a negative effective tax rate of 18.3% on pretax income of $7,189 million. The provision for the 2010 Successor period differs from the statutory 35% rate primarily due to the fact that in several countries the Company generated either income with no tax expense or losses where no tax benefit was recorded due to valuation allowances on our deferred tax assets in those countries.

Net Income The following table summarizes the major components contributing to net income:

	Successor			Predecessor	
Millions of dollars	**Three Months Ended June 30, 2011**	**Six Months Ended June 30, 2011**	**May 1 through June 30, 2010**	**April 1 through April 30, 2010**	**January 1 through April 30, 2010**
Operating income	$ 1,265	$ 2,330	$ 422	$ 323	$ 690
Interest expense, net	(164)	(319)	(120)	(299)	(708)
Other income (expense), net	45	2	54	(65)	(265)
Income from equity investments	73	131	27	29	84
Reorganization items	(28)	(30)	(8)	7,181	7,388
Provision for (benefit from) income taxes	388	651	28	(1,327)	(1,315)
Net income	$ 803	$ 1,463	$ 347	$ 8,496	$ 8,504

Second Quarter 2011 versus First Quarter 2011 Net income was $803 million in the second quarter 2011 compared to $660 million in the first quarter 2011. Net income in the first quarter 2011 reflected a net pretax charge of $59 million related to the fair value adjustment of our outstanding warrants, partially offset by a $34 million pretax insurance recovery associated with misappropriation of assets. The second quarter 2011 reflected pretax charges totaling $102 million, including $61 million related to corporate restructurings, $28 million of reorganization items, $16 million of environmental charges and $12 million related to the early repayment of debt. These charges were partially offset by pretax benefits totaling $47 million, including a $41 million benefit from the sale of surplus precious metals. Apart from these items, net income in the second quarter 2011 reflected improvements in operating results for most of our business segments. These net benefits were partially offset by lower net operating income for the technology business segment and a higher provision for income taxes in the second quarter 2011.

Three Years Ended December 31, 2010

Revenues We had revenues of $41,151 million in 2010, $30,828 million in 2009 and $50,706 million in 2008. Higher average product sales prices were responsible for nearly all of the 33% revenue increase in 2010. A slight 1% increase in revenues resulting from the effect of higher sales volumes in 2010 compared to 2009 was mostly offset by lower

licensing revenue in the Technology business segment. Higher crude-oil and natural gas prices also contributed to the increase in average sales prices in 2010.

The $19,878 million decrease in 2009 compared to 2008 reflected the effect of significantly lower sales prices and sales volumes due to lower crude oil and natural gas prices and weaker demand. Lower average product sales prices and lower sales volumes were respectively responsible for 36% and 3% decreases in revenue in 2009 compared to 2008.

Cost of Sales Cost of sales were $37,102 million in 2010, $29,372 million in 2009 and $48,780 million in 2008.

Table of Contents

The $7,730 million increase in cost of sales in 2010 was primarily due to higher raw material costs, which reflect the effects of higher crude oil and natural gas liquids-based raw material prices, as well as the effect of higher sales volumes. Cost of sales in the Successor period included a $64 million charge related to a change in estimate related to a dispute over environmental liability. Lower depreciation and amortization expense of $630 million due to the $7,474 million write-down of Property, plant, and equipment associated with the revaluation of our assets in fresh-start accounting partially offset the higher costs in the Successor Period. The Predecessor period in 2010 included a charge of $23 million for plant closure and other costs related to a polypropylene plant in Terni, Italy.

The $19,408 million decrease in 2009 compared to 2008 was primarily due to lower market prices for crude oil, crude oil-based and natural gas liquids raw materials, lower fixed and variable costs, and lower sales volumes and operating rates, reflecting the weak demand.

Inventory Valuation Adjustment The Company had non-cash inventory valuation adjustments of $42 million, $127 million and $1,256 million in the 2010 Successor period, 2009 and 2008, respectively. We recorded non-cash charges in the 2010 Successor period totaling $365 million to adjust the value of our raw materials and finished goods inventory to market as of June 30, 2010 and September 30, 2010. As discussed above, these lower of cost or market charges were the result of the decline in the per barrel benchmark price of crude oil from the Emergence Date to June 30, 2010 and lower market prices for certain products, primarily polypropylene. A non-cash credit of $323 million recorded in the fourth quarter 2010 to reflect the recovery of market price substantially offset the lower of cost or market adjustment related to our raw materials inventory. In 2009 and 2008, the Company recorded charges of $127 million and $1,256 million, respectively, to adjust the value of its inventory to market, which was lower than the carrying value on December 31, 2009 and 2008.

Impairments Impairments of $37 million, $17 million and $5,207 million were recognized by the Company in 2010, 2009 and 2008, respectively. In the 2010 Successor period, we recognized $28 million of impairment charges, including a charge of $25 million related to impairment of the carrying value of assets at the Berre refinery. Capital spending required for the operation of the Berre refinery will continue to be impaired until such time as the discounted cash flow projections for the Berre refinery are sufficient to recover the asset s carrying amount. In 2008, the Company recognized charges of $4,982 million for impairment of goodwill related to the December 20, 2007 acquisition of Lyondell Chemical and $225 million primarily related to the carrying value of its Berre refinery.

SG&A Expenses Selling, general and administrative (SG&A) expenses were $872 million in 2010, $850 million in 2009 and $1,197 million in 2008. The $347 million decrease in 2009 compared to 2008 was primarily the result of LyondellBasell AF s 2009 cost reduction program, and a favorable effect from changes in currency exchange rates. Currency exchange rates had a favorable effect on costs of non-U.S. operations as the U.S. dollar strengthened versus the Euro in 2009 compared to 2008. SG&A expenses in 2008 included $564 million of Lyondell Chemical and Berre refinery SG&A expense following their acquisitions by LyondellBasell AF on December 20, 2007 and April 1, 2008, respectively.

Operating Income (Loss) The Company had operating income of $2,944 million and $317 million in 2010 and 2009, respectively, and an operating loss of $5,928 million in 2008. The results of our underlying operations improved in 2010, compared to 2009, reflecting higher product margins and the effect of higher sales volumes as demand increased due to improved global market conditions, particularly in the first half of the year compared to the same periods in 2009 when demand was very weak. Operating results in the 2010 Successor period benefited from lower depreciation and amortization expense of $651 million primarily due to the $7,474 million write-down of Property, plant, and equipment associated with the revaluation of our assets in fresh-start accounting. Operating results in the 2010 Successor period also included the negative impact of the $64 million non-cash charge related to a dispute over environmental liability.

Results in 2009 compared to 2008 reflected the benefits of the Company s cost reduction program, offset by the unfavorable effects of lower product margins, sales volumes, and currency exchange rates on non-U.S. operating income. Results in 2008 were impacted by charges of $4,982 million and $225 million, respectively, for impairment of goodwill related to the December 20, 2007 acquisition of Lyondell Chemical

and the carrying value of the Berre refinery; and a charge of $1,256 million to adjust inventory to market value.

Operating results for each of our business segments are reviewed further in the Segment Analysis section below.

Interest Expense Interest expense was $1,258 million in 2010, $1,795 million in 2009 and $2,476 million in 2008. Interest expense was $537 million lower in 2010 compared to 2009, primarily due to the repayment or discharge of debt on the Emergence Date in accordance with the Plan of Reorganization, upon which interest was accruing during the bankruptcy, and the repayment of $1,233 million of debt in the fourth quarter 2010. This decrease in interest expense was partially offset by interest expense on the debt incurred as part of the emergence financing (see Note 15 to LyondellBasell N.V. s Consolidated Financial Statements for the year ended December 31, 2010) and $26 million of charges related to the prepayment of $769 million of debt in December 2010. The prepayment of debt included $275 million of our 8% senior secured notes and $494 million of the senior secured term loan facility in December 2010. We also repaid $464 million under the accounts receivable securitization facility and accounts receivable factoring agreement during October and November of 2010. Interest expense in 2009 was lower, compared to 2008, primarily due to various debt instruments becoming subject to compromise as a result of the chapter 11 filing. Contractual interest expense for the Predecessor periods was $2,720 million for 2009 and $2,476 million for 2008.

Other Income (Expense), net The Company had other expense, net, of $366 million in 2010 and other income, net, of $319 million and $106 million in 2009 and 2008, respectively. Other expense, net, in 2010 included the negative effect of the fair value adjustment of the warrants to purchase our shares of $114 million and foreign exchange losses of $240 million. In 2009 and 2008, the Company recognized involuntary conversion gains of $120 million and $79 million, respectively, representing partial insurance settlements of outstanding insurance claims related to damages sustained in 2005 at the polymers plant in Münchsmünster, Germany, and foreign exchange gains of $123 million and $20 million, respectively, as a result of changes in currency exchange rates. Other income, net, in 2009 also included benefits totaling $72 million resulting from indemnification payments received from previous plant owners for employee benefit and environmental remediation costs related to plant closures and a $15 million gain related to settlement of a U.K. pension claim. The foreign exchange loss of $240 million in 2010 and gain of $123 million in 2009 were primarily the result of the revaluation of third party debt of certain of the Company s subsidiaries due to changes in the foreign exchange rates in effect during those periods. Such debt was denominated in currencies other than the functional currencies of the subsidiaries and was refinanced upon emergence from bankruptcy.

Income (Loss) from Equity Investments The Company had income from equity investments totaling $170 million in 2010, a loss from equity investments of $181 million in 2009 and income from equity investments of $38 million in 2008. The loss from equity investments in 2009 included a $228 million charge for impairment of the carrying value of the Company s investments in certain joint ventures. Income from equity investments in 2010 benefited from the operations of our Saudi Ethylene & Polyethylene Company Ltd. joint venture, which commenced operations in June 2009, and from a new polypropylene plant operated by our HMC Polymers Company Ltd. joint venture that commenced operations in October 2010.

Reorganization Items The Company had income from reorganization items totaling $7,365 million in 2010 compared to reorganization expense of $2,961 million in 2009. Gains from reorganization items in 2010 included gains totaling $13,617 million related to settlement of liabilities subject to compromise, deconsolidation of entities upon emergence, adjustments related to rejected contracts, and a reduction of environmental remediation liabilities. These gains were partially offset by a charge of $6,278 million related to the changes in net assets resulting from the application of fresh-start accounting and by several one-time emergence costs, including the success and other fees earned by certain professionals upon the Company s emergence from bankruptcy, damages related to the rejection of executory contracts and plant closure costs. Reorganization items expense in the 2010 Successor period is primarily related to professional fees. The 2009 period included charges for the write off of assets associated with a lease rejection; damage claims

related to certain executory contracts; the net write off of unamortized debt issuance costs, premiums and discounts; environmental liabilities; professional fees associated with the chapter 11 proceedings; shutdown costs related primarily to the

Table of Contents

shutdown of its olefins plant at Chocolate Bayou, Texas and the long-term idling of its ethylene glycol facility in Beaumont, Texas; as well as employee severance and other costs. For additional information on reorganization items, see Note 3 to LyondellBasell N.V. s Consolidated Financial Statements for the year ended December 31, 2010.

Income Tax In the eight months ended December 31, 2010, the Successor recorded a tax provision of $170 million, representing an effective tax rate of 10.1% on pre-tax income of $1,686 million. In the four months ended April 30, 2010, the Predecessor recorded a tax benefit of $1,315 million, representing a negative effective tax rate of 18.3% on pre-tax income of $7,191 million. During 2009, the Predecessor recorded a tax benefit of $1,411 million, representing an effective tax rate of 32.9% on a pre-tax loss of $4,283 million. The provision for the 2010 Successor period differs from the statutory rate primarily due to the adjustment of various chapter 11 tax-related assets, the release of certain valuation allowances against our net operating loss carryforwards in the fourth quarter 2010, due to improved business results and the completion of a reorganization of our French subsidiaries. The tax provision for the 2010 Predecessor period differs from the statutory rate primarily because a significant portion of the pre-tax gain from the discharge of pre-petition liabilities, which was partially offset by restructuring charges for which no tax benefit was provided. The tax benefit recorded for 2009 was lower than the statutory rate primarily due to restructuring costs for which no tax benefit was provided. During 2008, LyondellBasell AF had a tax benefit of $848 million on a pretax loss of $8,191 million. The effective income tax rate of 10.4% in 2008 primarily reflected the effect of goodwill impairment charges, which are not deductible for tax purposes and the provision of valuation allowances in jurisdictions where future tax benefits are not expected to be realized.

Income (Loss) from Continuing Operations Income from continuing operations was $10,022 million in 2010 and losses from continuing operations were $2,872 million in 2009 and $7,343 million in 2008. The following table summarizes the major components contributing to the income (loss) from continuing operations:

	Successor		Predecessor	
	May 1 through December 31, 2010	January 1 through April 30, 2010	For the Twelve Months Ended December 31, 2009	2008
Millions of dollars				
Operating income (loss)	$ 2,254	$ 690	$ 317	$ (5,928)
Interest expense, net	(528)	(708)	(1,777)	(2,407)
Other income (expense), net	(103)	(263)	319	106
Income (loss) from equity investments	86	84	(181)	38
Reorganization items	(23)	7,388	(2,961)	
Provision for (benefit from) income taxes	170	(1,315)	(1,411)	(848)
Net income (loss) from continuing operations	$ 1,516	$ 8,506	$ (2,872)	$ (7,343)

In 2009, the loss from equity investments for the O&P EAI segment included charges of $228 million for impairment of the carrying value of the Company s equity investments in certain joint ventures (see Note 13 to LyondellBasell N.V. s Consolidated Financial Statements for the year ended December 31, 2010).

Table of Contents

The table below summarizes some of the items of special note with regards to our income (loss) from continuing operations for the periods shown:

	Successor	Predecessor		
	May 1 through December 31, 2010	January 1 through April 30, 2010	For the Twelve Months Ended December 31, 2009	2008
Millions of dollars				
Pretax charges (benefits):				
Impairments	$ 28	$ 9	$ 245	$ 5,207
Reorganization items	23	(7,388)	2,961	
Warrants fair value adjustment	114			
Charge related to dispute over environmental liability	64			
Charges and premiums related to repayment of debt	26			
Inventory valuation adjustments	42		127	1,256
Interest rate swap termination Structured Financing Transaction				55
Hurricane costs			5	55
Gain related to insurance settlements			(120)	(79)
Provisions for uncollectible accounts receivable	12	7	18	47
Total pretax income effect	309	(7,372)	3,236	6,541
Tax effect of above items	(48)	(1,260)	(1,133)	(546)
Total	$ 261	$ (8,632)	$ 2,103	$ 5,995

Impairments in 2009 include an adjustment related to prior periods which increased income from operations and net income for the three-month period ended December 31, 2009, by $65 million. The adjustment related to an overstatement of goodwill impairment in 2008.

Income (Loss) from Discontinued Operations, Net of Tax The Company had income from discontinued operations of $64 million in the 2010 Successor period related to the sale of its Flavor and Fragrance chemicals business. The Company had a loss from discontinued operations in the 2010 Predecessor period of $2 million and income from discontinued operations of $1 million and $15 million, respectively, in 2009 and 2008 related to the sale of a toluene di-isocyanate business in September 2008.

Fourth Quarter 2010 versus Third Quarter 2010 Net income was $766 million in the fourth quarter 2010 compared to $467 million in the third quarter 2010. The $299 million increase in net income was primarily attributable to the release of non-U.S. valuation allowances against net deferred tax assets in the fourth quarter 2010, a net benefit related to reorganization items attributable to events that occurred during the fourth quarter 2010 and the gain related to the sale of our Flavor and Fragrance chemicals business in December 2010, partially offset by lower operating results attributable to our O&P-EAI and Technology segments discussed below. The release of the non-U.S. valuation allowances was due to improved business results and the completion of a reorganization of our French subsidiaries.

Segment Analysis

Our operations are primarily in five reportable segments: O&P Americas; O&P EAI; I&D; Refining and Oxyfuels; and Technology. These operations comprise substantially the same businesses owned and operated by LyondellBasell AF prior to the Company s emergence from bankruptcy. However, for accounting purposes, the operations of LyondellBasell AF are deemed to have ceased on April 30, 2010 and LyondellBasell N.V. is deemed to have begun operations on that date. The results of operations for the Successor are not comparable to the Predecessor due to adjustments made under fresh-start accounting as

Table of Contents

described in Emergence from Chapter 11 Proceedings. The impact of these items is addressed in the discussion of each segment s results below.

The following tables reflect selected financial information for our reportable segments. Operating income (loss) for segment reporting is on a LIFO basis for the Successor and on a current cost basis for the Predecessor.

	Successor				Predecessor			
	Three Months Ended June 30, 2011	Six Months Ended June 30, 2011	May 1 through December 31, 2010	May 1 through June 30, 2010	April 1 through April 30, 2010	January 1 through April 30, 2010	For the Twelve Months Ended December 31, 2009	2008
Millions of dollars								
Sales and other operating revenues:								
O&P Americas segment	$ 4,010	$ 7,582	$ 8,406	$ 2,004	$ 1,163	$ 4,183	$ 8,614	$ 16,412
O&P EAI segment	4,264	8,208	8,729	2,140	1,066	4,105	9,401	13,489
I&D segment	1,777	3,469	3,754	940	504	1,820	3,778	6,218
Refining and Oxyfuels segment	5,833	10,553	10,321	2,403	1,333	4,748	12,078	18,362
Technology segment	126	265	365	75	35	145	543	583
Other, including intersegment eliminations	(1,968)	(3,783)	(3,891)	(790)	(389)	(1,534)	(3,586)	(4,358)
Total	$ 14,042	$ 26,294	$ 27,684	$ 6,772	$ 3,712	$ 13,467	$ 30,828	$ 50,706
Operating income (loss):								
O&P Americas segment	$ 509	$ 930	$ 1,043	$ 149	$ 175	$ 320	$ 169	$ (1,355)
O&P EAI segment	207	386	411	114	44	115	(2)	220
I&D segment	235	469	512	109	34	157	250	(1,915)
Refining and Oxyfuels segment	296	460	241	14	29	(99)	(357)	(2,378)
Technology segment	23	89	69	23	8	39	210	202
Other, including intersegment eliminations	(5)	(4)	(22)	13	18	(41)	18	(134)
Current cost adjustment					15	199	29	(568)
Total	$ 1,265	$ 2,330	$ 2,254	$ 422	$ 323	$ 690	$ 317	$ (5,928)

Income (loss) from equity investments:														
O&P Americas segment	$	8	$	11	$	16	$	3	$	1	$	5	$	7	$	6
O&P EAI segment		61		112		68		25		28		80		(172)		34
I&D segment		4		8		2		(1)				(1)		(16)		(2)
Total	$	73	$	131	$	86	$	27	$	29	$	84	$	(181)	$	38

Olefins and Polyolefins Americas Segment

Overview In the second quarter and first six months of 2011, the U.S. ethylene industry benefited from processing natural gas liquids, which yielded lower cost ethylene compared to that produced from crude oil-

Table of Contents

based liquids, which is the predominant feedstock used in the rest of the world. Ethylene margins remained strong in 2011 primarily due to advantaged prices for ethane, which was the favored feedstock during the second quarter and first six months of 2011, and high co-product sales prices. The polyethylene market decreased as a result of general industry conditions and because certain customers delayed purchases in anticipation of lower prices. Increasing prices for propylene throughout the second quarter and most of the first six months of 2011 pressured the polypropylene market. Operating results for both 2011 periods and the Successor period in 2010 also reflected the impacts of fresh-start accounting, including the benefit of lower depreciation and amortization expense related to the write-down of segment assets. The 2010 Successor period also includes the negative impact of a non-cash charge to adjust inventory to market value (see Results of Operations-Cost of Sales).

Ethylene Raw Materials Benchmark crude oil and natural gas prices generally have been indicators of the level and direction of the movement of raw material and energy costs for ethylene and its co-products in the O&P Americas segment. Ethylene and its co-products are produced from two major raw material groups:

crude oil-based liquids (liquids or heavy liquids), including naphtha, condensates, and gas oils, the prices of which are generally related to crude oil prices; and

natural gas liquids (NGLs), principally ethane and propane, the prices of which are generally affected by natural gas prices.

Although the prices of these raw materials are generally related to crude oil and natural gas prices, during specific periods the relationships among these materials and benchmarks may vary significantly.

In the U.S., we have significant capability to shift the ratio of raw materials used in the production of ethylene and its co-products to take advantage of the relative costs of heavy liquids and NGLs.

Production economics for the U.S. industry have favored NGLs during 2011. As a result, we focused on maximizing the use of NGLs at our U.S. plants. During the second quarter of 2011, approximately 80% of our ethylene production was from NGLs. A temporary disruption of NGLs supply from one of our suppliers in the first quarter of 2011 modestly reduced the amount of our ethylene production from NGLs in the first six months of 2011 to approximately 75%. Based on current trends and assuming the price of crude oil remains at a high level, we would expect production economics in the U.S. to continue to favor NGLs for the near and mid-term.

The following table shows the average U.S. benchmark prices for crude oil and natural gas for the applicable periods, as well as benchmark U.S. sales prices for ethylene and propylene, which we produce and sell or consume internally, and certain polyethylene and polypropylene products. The benchmark weighted average cost of ethylene production, which is reduced by co-product revenues, is based on CMAI s estimated ratio of heavy liquid raw materials and NGLs used in U.S. ethylene production.

	Average Benchmark Price and Percent Change Versus Prior Year Period Average					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	2010	Change	2011	2010	Change
Crude oil dollars per barrel	102.34	78.05	31%	98.50	78.46	26%
Natural gas dollars per million BTUs	4.43	4.04	10%	4.31	4.70	(8)%

Weighted average cost of ethylene production cents per pound	33.8	26.7	27%	33.2	30.4	9%
United States cents per pound:						
Ethylene	57.5	45.6	26%	53.4	49.0	9%
Polyethylene (HD)	95.3	84.0	13%	91.5	83.7	9%
Propylene polymer grade	87.3	63.3	38%	79.5	62.4	27%
Polypropylene	113.8	89.8	27%	107.3	88.8	21%

Table of Contents

The following table sets forth the O&P Americas segment s sales and other operating revenues, operating income, income from equity investments and selected product sales volumes.

	Successor			Predecessor	
Millions of dollars	Three Months Ended June 30, 2011	Six Months Ended June 30, 2011	May 1 through June 30, 2010	April 1 through April 30, 2010	January 1 through April 30, 2010
Sales and other operating revenues	$ 4,010	$ 7,582	$ 2,004	$ 1,163	$ 4,183
Operating income	509	930	149	175	320
Income from equity investments	8	11	3	1	5
Production Volumes, in millions of pounds					
Ethylene	1,929	4,018	1,249	749	2,768
Propylene	556	1,325	513	264	1,019
Sales Volumes, in millions of pounds					
Polyethylene	1,377	2,782	885	435	1,765
Polypropylene	611	1,196	449	221	836

Three and Six Months Ended June 30, 2011 versus Three and Six Months Ended June 30, 2010

Revenues O&P Americas revenues increased by $843 million, or 27%, in the second quarter 2011, compared to the same period in 2010 and by $1,395 million, or 23%, in the first six months of 2011 compared to same period in 2010. Higher average sales prices for most products in the second quarter and first six months of 2011 were responsible for revenue increases of 31% and 26%, respectively, while lower sales volumes reduced revenues by 4% in each period. An improved supply/demand balance and higher crude-oil based raw material costs have contributed to the higher average sales prices seen to date in 2011.

Operating Income Operating results for the O&P Americas segment in the second quarter and first six months of 2011 reflected increases of $185 million and $461 million, respectively, compared to the second quarter and first six months of 2010. Operating results for the 2010 Successor period were negatively impacted by a $171 million non-cash charge to adjust inventory at June 30, 2010 to market value, which was lower than the April 30, 2010 value applied during fresh-start accounting. The second quarter and first six months of 2011 benefited from lower depreciation expense of $33 million and $94 million, respectively, compared to the same periods in 2010. This was a result of the application of fresh-start accounting and the revaluation of our assets.

Both the second quarter 2011 and 2010 showed strong operating results for ethylene and polyethylene; however, operating income for the second quarter 2011 was slightly lower than the comparative period. Our second quarter 2010 operating results reflected a benefit from planned and unplanned competitor outages as margins were especially strong during that period. Operating results for the second quarter 2011 included the negative impact of a major turnaround at our Channelview plant and a utility supplier outage at our Morris, Illinois facility. Lower polypropylene operating results in the second quarter 2011 reflected the effects of elevated raw material costs and lower sales volumes as certain customers delayed purchases in anticipation of a decrease in polypropylene prices.

The $461 million increase in operating results for the first six months of 2011 compared to the first six months of 2010 was primarily the result of higher polyethylene product margins and sales volumes. Polyethylene product

margins in 2011, particularly in the first quarter, were higher than those attained in the same periods of 2010 as higher average sales prices driven by strong demand more than offset higher ethylene feedstock costs. Polyethylene sales volumes increased 5% during the first half of 2011 primarily due to sales being limited by planned maintenance at one of our plants during the first half of 2010.

Second Quarter 2011 versus First Quarter 2011 The O&P Americas segment had operating income of $509 million in the second quarter 2011 compared to $421 million in the first quarter 2011. The increase in operating results for the second quarter 2011 reflects higher product margins for ethylene and the effect of

higher polypropylene sales volumes, which more than offset the effect of lower polyethylene product margins and sales volumes. The higher product margins for ethylene were primarily the result of higher average sales prices. The lower product margins for polyethylene reflect higher average sales prices which could not keep pace with increases in the price of ethylene. Polyethylene volumes were lower reflecting inventory-related buying patterns, general market conditions and the effect of planned and unplanned production outages.

2010 Versus 2009 Market demand in the U.S. for ethylene was higher in 2010 compared to 2009. As a result of higher industry operating rates compared to rates experienced during 2009, ethylene margins were higher as benchmark sales prices increased significantly more than the benchmark weighted average costs of ethylene production. Sales of polyolefins in 2010 were comparable to 2009 although producers favored domestic market sales over exports due to improved domestic demand.

The O&P Americas segment operating results for 2010 primarily reflected strong demand and higher margins for ethylene due to improved economic conditions in 2010 and unplanned operating issues and turnarounds at competitor facilities in the first half of the year. Polypropylene results were also higher in 2010 compared to 2009 as domestic economic conditions improved. Demand for polyethylene in 2010 was comparable to 2009. Operating results for the Successor period reflected the impacts of the Company s reorganization and fresh-start accounting, including a non-cash charge to adjust inventory to market value and the benefit of lower depreciation and amortization expense related to the write-down of segment assets (see Results of Operations Cost of Sales). The net effect of these items contributed to the significantly improved results of operations in the 2010 Successor periods compared to the twelve months of 2009.

2009 Versus 2008 While improving during the course of 2009, ethylene market demand in the U.S. remained weak, resulting in lower industry operating rates compared to rates in the 90% to 95% range during the first eight months of 2008. Ethylene margins contracted as benchmark sales prices decreased more than the benchmark weighted average cost of ethylene production. Polyolefins markets were weaker in 2009 compared to 2008 with the notable exception of U.S. polyethylene markets, which benefited from strong export demand during 2009.

The O&P Americas segment operating results for 2009 primarily reflected the strong polyethylene (PE) export markets in 2009, lower olefins product margins and lower fixed costs. As a result of weak ethylene demand during late 2008 and the first half of 2009, LyondellBasell AF idled and subsequently shut down the Chocolate Bayou olefins plant, near Alvin, Texas. LyondellBasell AF also idled and subsequently restarted the La Porte, Texas olefins plant in January 2009. Strong PE export markets in 2009, benefited PE product margins and sales volumes. However, other polyolefins product markets were weaker and resulted in net lower sales volumes compared to 2008. As a result of LyondellBasell AF s cost reduction program, fixed costs were significantly lower in 2009 compared to 2008.

In the third quarter 2008, operating results were negatively impacted by lost production at certain U.S. Gulf Coast plants due to the effects of a hurricane.

Ethylene Raw Materials Benchmark crude oil and natural gas prices generally have been indicators of the level and direction of the movement of raw material and energy costs for ethylene and its co-products in the O&P Americas segment. Ethylene and its co-products are produced from two major raw material groups:

- crude oil-based liquids (liquids or heavy liquids), including naphtha, condensates, and gas oils, the prices of which are generally related to crude oil prices; and

- NGLs, principally ethane and propane, the prices of which are generally affected by natural gas prices.

Although the prices of these raw materials are generally related to crude oil and natural gas prices, during specific periods the relationships among these materials and benchmarks may vary significantly.

In the U.S., we have a significant capability to shift the ratio of raw materials used in the production of ethylene and its co-products to take advantage of the relative costs of heavy liquids and NGLs.

Table of Contents

In 2010, especially in the latter part of the year, production economics for the industry favored NGLs. As a result, we increased our use of NGLs and reduced liquids consumption at our U.S. plants. During 2010, approximately 70% of our U.S. ethylene production was produced from NGLs.

The following table shows the average U.S. benchmark prices for crude oil and natural gas for the applicable periods, as well as benchmark U.S. sales prices for ethylene and propylene, which we produce and sell or consume internally, and certain polyethylene and polypropylene products. The benchmark weighted average cost of ethylene production, which is reduced by co-product revenues, is based on CMAI s estimated ratio of heavy liquid raw materials and NGLs used in U.S. ethylene production.

	Average Benchmark Price and Percent Change Versus Prior Year Period Average					
	For the Twelve Months Ended December 31,			For the Twelve Months Ended December 31,		
	2010	2009	Change	2009	2008	Change
Crude oil dollars per barrel	79.58	62.09	28%	62.09	99.75	(38)%
Natural gas dollars per million BTUs	4.48	3.78	19%	3.78	8.86	(57)%
United States cents per pound						
Weighted average cost of ethylene production	30.0	26.2	14%	26.2	45.4	(42)%
United States cents per pound						
Ethylene	45.9	33.9	35%	33.9	58.5	(42)%
Polyethylene (high density)	82.2	66.5	24%	66.5	86.4	(23)%
Propylene polymer grade	59.6	37.9	57%	37.9	60.0	(37)%
Polypropylene	86.0	64.4	34%	64.4	87.6	(26)%

The following table sets forth the O&P Americas segment s sales and other operating revenues, operating income, income from equity investments and selected product sales volumes.

	Successor	Predecessor		
	May 1 through December 31, 2010	January 1 through April 30, 2010	For the Twelve Months Ended December 31, 2009	2008
Millions of dollars				
Sales and other operating revenues	$ 8,406	$ 4,183	$ 8,614	$ 16,412
Operating income (loss)	1,043	320	169	(1,355)
Income from equity investments	16	5	7	6
Production Volumes, in millions of pounds				
Ethylene	5,585	2,768	8,129	7,990
Propylene	1,998	1,019	2,913	3,975
Sales Volumes, in millions of pounds				
Polypropylene	1,735	836	2,416	2,928
Polyethylene	3,704	1,765	5,472	5,256

Revenues Revenues in 2010 increased by $3,975 million, or 46%, compared to 2009 primarily due to significantly higher overall average sales prices. The increases in average sales prices in the 2010 periods reflected an increase in demand resulting from improved economic conditions and the effect of constrained supply due to operating issues and turnarounds at competitor plants.

Revenues in 2009 decreased $7,798 million, or 48%, compared to 2008. Lower average product sales prices were responsible for a revenue decrease of 35% in 2009 compared to 2008, while net lower sale volumes were responsible for the remaining 12% decrease in revenues. Net lower 2009 sales volumes reflected the effect of lower sales volumes for polypropylene and ethylene and co-products, partly offset by higher sales volumes for polyethylene, which benefited from the strong U.S. export markets.

Table of Contents

Operating Income (Loss) Operating results for the O&P Americas segment reflected an increase of $1,194 million in 2010 compared to 2009 and an increase of $1,524 million in 2009 compared to 2008. The underlying operations of the O&P Americas segment in 2010 increased compared to 2009, primarily due to higher product margins for ethylene as higher average sales prices for ethylene and its co-products more than offset higher raw material costs. In addition, the effect of higher polypropylene sales volumes during 2010 partially offset the effect of higher utility, planned maintenance and other costs. Operating results for 2010 were impacted by a non-cash charge of $34 million to adjust inventory to market values. Lower depreciation and amortization expense of $204 million in 2010 compared to 2009 was primarily the result of our write-down of Property, plant, and equipment associated with the revaluation of our assets in fresh-start accounting.

Compared with 2008, the increase in the 2009 O&P Americas operating results reflected the benefit of lower fixed costs, resulting from LyondellBasell AF s cost reduction program, partially offset by net lower product margins and the effect of net lower sales volumes. Operating results for 2008 were negatively affected by the $120 million estimated impact of lost production due to Hurricane Ike, and related costs of $39 million, including a $7 million pretax charge for impairment of the carrying value of assets. Operating results for 2008 also included inventory valuation adjustments of $619 million and goodwill impairment charges of $624 million.

Fourth Quarter 2010 versus Third Quarter 2010 The O&P Americas segment had operating income of $446 million in the fourth quarter 2010 compared to $448 million in the third quarter 2010. Operating results in the fourth quarter 2010 included a non-cash benefit of $163 million related to inventory market price recovery in the fourth quarter 2010, which partially offsets the charges recorded in the second and third quarters of 2010 of $171 million and $26 million, respectively, to adjust inventory to market value after the Emergence Date. Excluding the non-cash inventory adjustment, the decline in fourth quarter 2010 operating results was primarily due to a combination of lower product margins for polyethylene and polypropylene, lower sales volumes, and higher fixed costs. Polyethylene and polypropylene product margins declined as the increases in feedstock prices outpaced the increases in average sales price. Product margins for ethylene were comparable in the third and fourth quarters of 2010. The decrease in sales volumes was primarily related to the effects of seasonality as well as planned and unplanned outages during the fourth quarter 2010. Fixed costs were higher in the fourth quarter 2010, compared to the third quarter 2010, primarily due to higher maintenance costs associated with the planned and unplanned outages and bonus expense.

Olefins and Polyolefins Europe, Asia and International Segment

Overview Ethylene market demand in Europe in the second quarter and first six months of 2011 was comparable to that in the second quarter and first six months of 2010. Ethylene industry margins expanded in 2011 as benchmark average sales prices increased more than the benchmark weighted average cost of ethylene production. Market demand for polyolefins in the second quarter of 2011 reflected the effect of delayed purchases as customers anticipated lower prices. Market demand for polyolefins was reduced in the second quarter of 2011 compared to second quarter 2010 and first quarter 2011. Total demand for the first six months of 2011 reflects a small increase over the same period in 2010.

In the second quarter and first six months of 2011, operating results for the O&P EAI segment reflected strong product margins, particularly for ethylene, butadiene, and polypropylene, and higher sales volumes across most products compared to the second quarter and first six months of 2010. Operating results for the both 2011 periods and the Successor period in 2010 also reflected the impacts of fresh-start accounting, including the benefit of lower depreciation and amortization expense related to the write-down of segment assets. The 2010 Successor period also includes the negative impact of a non-cash charge to adjust inventory to market value (see Results of Operations-Cost of Sales).

Ethylene Raw Materials In Europe, heavy liquids are the primary raw materials for our ethylene production.

The following table shows the average West Europe benchmark prices for Brent crude oil for the applicable periods, as well as benchmark West Europe prices for ethylene and propylene, which we produce

Table of Contents

and consume internally or purchase from unrelated suppliers, and certain polyethylene and polypropylene products.

	Average Benchmark Price and Percent Change Versus Prior Year Period Average					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	2010	Change	2011	2010	Change
Brent crude oil dollars per barrel	115.95	79.41	46%	110.80	78.61	41%
Western Europe 0.01 per pound						
Weighted average cost of ethylene production	35.4	27.3	30%	35.0	28.0	25%
Ethylene	54.7	43.7	25%	53.4	42.6	25%
Polyethylene (high density)	65.9	53.8	22%	64.0	52.6	22%
Propylene	55.3	45.1	23%	53.1	42.0	26%
Polypropylene (homopolymer)	69.4	60.3	15%	68.0	55.8	22%
Average Exchange Rate $US per	1.4394	1.2749	13%	1.4026	1.3273	6%

The following table sets forth the O&P EAI segment s sales and other operating revenues, operating income, income from equity investments and selected product production and sales volumes.

	Successor			Predecessor	
Millions of dollars	Three Months Ended June 30, 2011	Six Months Ended June 30, 2011	May 1 through June 30, 2010	April 1 through April 30, 2010	January 1 through April 30, 2010
Sales and other operating revenues	$ 4,264	$ 8,208	$ 2,140	$ 1,066	$ 4,105
Operating income	207	386	114	44	115
Income from equity investments	61	112	25	28	80
Production volumes, in millions of pounds					
Ethylene	999	1,996	595	247	1,108
Propylene	631	1,239	388	152	661
Sales volumes, in millions of pounds					
Polyethylene	1,279	2,584	811	419	1,658
Polypropylene	1,631	3,335	1,183	580	2,117

Three and Six Months Ended June 30, 2011 versus Three and Six Months Ended June 30, 2010

Revenues Revenues increased by $1,058 million and $1,963 million, respectively, in the second quarter and first six months of 2011 compared to revenues in the second quarter and first six months of 2010 primarily due to higher average product sales prices and to a lesser extent, higher sales volumes, mainly in olefins. The sales price increases reflect the effects of higher raw material costs and demand, which was particularly weak in the first half of 2010. Higher average sales prices were responsible for revenue increases of 32% in the second quarter 2011 and 27% in the first six months of 2011 compared to the overall revenue increases of 33% and 31%, respectively. The remaining

increases in both periods were due to higher sales volumes.

Operating Income Operating results for the O&P EAI segment increased by $49 million and $157 million, respectively, in the second quarter and first six months of 2011 compared to the same periods in 2010. The operating results of our O&P EAI business segment were higher in the second quarter and first six months of 2011 compared to the same periods in 2010, but reflected the impact of charges associated with activities to reorganize certain functional organizations and for increased liabilities at our Wesseling, Germany site. Improved business results were primarily a result of higher product margins for ethylene, butadiene and polypropylene and the effect of higher sales volumes for most products, partially offset by lower product margins for polyethylene. The strength in butadiene margins reflects strong global demand coupled with constrained supply as a result of a global preference for NGL processing. The lower product margins for

polyethylene in the first half of 2011 reflect higher monomer prices compared to those experienced in the comparable 2011 period. Operating results for the 2010 Successor period included a $23 million charge for a plant closure and other costs related to a polypropylene plant in Terni, Italy, and a $5 million non-cash charge to adjust inventory at June 30, 2010 to market value, which was lower than the April 30, 2010 value applied during the application of fresh-start accounting. Depreciation and amortization expense was $17 million lower in the first six months of 2011 compared to the same 2010 period primarily due to the write-down of Property, plant and equipment associated with the revaluation of our assets in fresh-start accounting.

Second Quarter 2011 versus First Quarter 2011 The O&P EAI segment had operating income of $207 million in the second quarter 2011 compared to $179 million in the first quarter 2011. The increase in operating results in the second quarter 2011, compared to the first quarter 2011, is primarily attributable to higher olefins margins, partially offset by fixed costs in the second quarter 2011 that reflect higher maintenance spending and a charge for reorganization activities. The higher product margins for olefins reflected the benefit of falling naphtha prices after monthly product prices had been settled. The combined operating results of polyethylene, polypropylene and polypropylene compounding reflected an improvement of approximately $10 million. Together, polypropylene and polypropylene compounding results improved primarily due to higher margins for polypropylene as volumes remained relatively unchanged. Polyethylene volumes were relatively unchanged.

2010 Versus 2009 Ethylene market demand in Europe was generally higher in 2010 compared to 2009 as planned and unplanned outages resulted in reduced supply and higher operating results in the second and third quarters of 2010. Ethylene margins expanded as benchmark average sales prices increased more than the benchmark weighted average cost of ethylene production. Global polyolefin markets also improved in 2010 compared to 2009. The improvement in polypropylene and LDPE reflected tight supply conditions amid planned and unplanned industry outages throughout 2010.

The O&P EAI segment operating results for the 2010 periods reflected higher product margins for both olefins and polyolefins. Higher sales volumes for PP Compounds and polypropylene in 2010 compared to 2009, reflect higher demand, primarily from the automotive industry. Operating results for the Successor period also reflected the impacts of fresh-start accounting, including the benefit of lower depreciation and amortization expense related to the write-down of segment assets (see Results of Operations-Cost of Sales).

2009 Versus 2008 While improving during the course of 2009, ethylene market demand in Europe remained weak, resulting in lower industry operating rates in the range of 75% to 80% compared to rates in the 85% to 90% range prior to the fourth quarter downturn in 2008. Ethylene margins contracted as benchmark sales prices decreased more than the benchmark weighted average cost of ethylene production. Global polyolefin markets were considerably weaker in 2009 compared to 2008. The general weakness in global polyolefin markets resulted in lower sales volumes, due to weaker demand, particularly in polypropylene, and lower product margins, as selling prices decreased significantly.

The O&P EAI segment operating results for 2009 reflected the negative effects of significantly lower product margins compared to 2008 for olefins products, while polyolefin product results for 2009 reflected generally weaker global polyolefin markets, which resulted in lower sales volumes across all polyolefins product lines and net lower product margins compared to 2008. As a result of LyondellBasell AF s cost reduction program, fixed costs were significantly lower in 2009, partly offsetting the negative effects of the weak markets.

Ethylene Raw Materials In Europe, heavy liquids are the primary raw materials for our ethylene production.

The following table shows the average West Europe benchmark prices for Brent crude oil, a heavy liquid raw material, for the applicable periods, as well as benchmark West Europe prices for ethylene and propylene,

55

Table of Contents

which we produce and consume internally or purchase from unrelated suppliers, and certain polyethylene and polypropylene products.

	Average Benchmark Price and Percent Change Versus Prior Year Period Average					
	For the Year Ended December 31,			For the Year Ended December 31,		
	2010	2009	Change	2009	2008	Change
Brent crude oil dollars per barrel	80.80	68.30	18%	68.30	101.83	(33)%
Western Europe 0.01 per pound						
Weighted average cost of ethylene production	29.5	23.8	24%	23.8	28.2	(16)%
Ethylene	43.2	33.4	29%	33.4	50.0	(33)%
Polyethylene (HD)	52.5	42.9	22%	42.9	58.5	(27)%
Propylene	42.4	27.7	53%	27.7	43.6	(36)%
Polypropylene (homopolymer)	57.7	39.9	45%	39.9	54.2	(26)%
Average Exchange Rate $US per	1.3205	1.3972	(5)%	1.3972	1.4739	(5)%

The following table sets forth the O&P EAI segment s sales and other operating revenues, operating income, income from equity investments and selected product sales volumes.

	Successor		Predecessor	
	May 1 through December 31, 2010	January 1 through April 30, 2010	For the Twelve Months Ended December 31, 2009	2008
Millions of dollars				
Sales and other operating revenues	$ 8,729	$ 4,105	$ 9,401	$ 13,489
Operating income (loss)	411	115	(2)	220
Income (loss) from equity investments	68	80	(172)	34
Production Volumes, in millions of pounds				
Ethylene	2,502	1,108	3,503	3,615
Propylene	1,572	661	2,149	2,135
Sales Volumes, in millions of pounds				
Polyethylene	3,402	1,658	4,815	4,821
Polypropylene	4,906	2,117	6,156	7,023

Revenues Revenues for 2010 increased $3,433 million, or 37%, compared to revenues for 2009, and revenues for 2009 decreased $4,088 million, or 30%, compared to revenues for 2008. Higher average product sales prices across most products, particularly ethylene, butadiene, polyethylene and polypropylene, were responsible for a 25% increase in 2010 revenues compared to 2009. The remaining 12% increase was due to the effect of higher sales volumes, particularly polypropylene, including *Catalloy* and PP Compounds.

Lower average product sales prices, which include the unfavorable effects of changes in currency exchange rates as the U.S. dollar was stronger in relation to the Euro in 2009 compared to 2008, were responsible for a 29% decrease in

2009 revenues compared to 2008. The remaining decrease in revenues was the result of lower 2009 polypropylene and ethylene co-product sales volumes, which were partly offset by higher sales volumes for polyethylene and ethylene products.

Operating Income (Loss) Operating results for 2010 increased $528 million compared to 2009 and decreased $222 million for 2009 compared to 2008. The underlying operating results of our O&P EAI business segment were higher in 2010 compared to 2009, primarily as a result of higher product margins for ethylene, butadiene, polypropylene and polyethylene, mainly LDPE. Fixed costs were also higher in 2010 compared to 2009, reflecting costs related to our maintenance program and the start up of the polymers plant in Münchsmünster, Germany. Operating results for 2010 were negatively impacted by a $35 million charge associated with a change in estimate related to a dispute that arose during the third quarter 2010 over an environmental indemnity. Lower depreciation and amortization expense of $62 million in 2010 compared to

Table of Contents

2009 was primarily a result of our write-down of Property, plant and equipment associated with the revaluation of our assets in fresh-start accounting.

In 2009, the underlying operations of the O&P EAI segment reflected significantly lower net product margins and lower sales volumes, primarily in Europe, offset by the benefit of lower fixed costs compared to 2008. The lower fixed costs were primarily a result of LyondellBasell AF s cost reduction program.

Income (loss) from equity investments Income from equity investments for the O&P EAI segment increased $320 million in 2010 compared to 2009 and decreased $206 million from 2008 to 2009. We received dividends of $40 million from our equity investments during 2010. The decrease from 2008 to 2009 was primarily due to recognition of a $228 million after-tax impairment of the carrying value of LyondellBasell AF s investment in certain joint ventures during 2009 as a result of weak current and projected market conditions. This loss was based on estimates of fair values developed in connection with LyondellBasell AF s estimation of its reorganization enterprise value.

Fourth Quarter 2010 Versus Third Quarter 2010 The O&P EAI segment had operating income of $66 million in the fourth quarter 2010 compared to $231 million in the third quarter 2010. Underlying operating results reflected a decrease in the fourth quarter 2010, compared to the third quarter 2010, primarily due to lower product margins, particularly ethylene, and to a lesser extent, higher fixed costs and the effect of lower sales volumes. The lower product margins reflected higher raw material costs while the higher fixed costs resulted from higher costs related to our maintenance program. The decrease in product margins was amplified by the unfavorable effects of changes in currency exchange rates as the Euro weakened against the U.S. dollar in the fourth quarter compared to the third quarter 2010. Operating results in the fourth quarter 2010 included an $10 million non-cash credit related to inventory market price recovery in the fourth quarter 2010, which offsets the $5 million inventory adjustments recorded in each of the second and third quarters of 2010 to adjust inventory to market value after the Emergence Date. Operating results for the third quarter 2010 also included a $35 million charge associated with a change in estimate related to a dispute that arose during that period over an environmental liability.

Intermediates and Derivatives Segment

Overview The PO and PO derivatives market remained generally steady during the second quarter and first six months of 2011 despite the effect of rising propylene prices.

The I&D segment results for the second quarter and first six months of 2011 reflected higher product margins for intermediates, acetyls, EO and derivatives and styrene. PO and derivative operating results in the first six months of 2011, compared to the same period in 2010, reflected the effect of higher deicer sales volumes, while results for the second quarter 2011 remained relatively unchanged. Operating results for the second quarter and first six months of 2011 reflected the impacts of fresh-start accounting, including the benefit of lower depreciation and amortization expense related to the write-down of segment assets. The 2010 Successor period also includes the negative impact of a non-cash charge to adjust inventory to market value. See Results of Operations Cost of Sales.

Table of Contents

The following table sets forth the Intermediates & Derivatives segment s sales and other operating revenues, operating income, income from equity investments and selected product sales volumes.

	Successor			Predecessor	
Millions of dollars	**Three Months Ended June 30, 2011**	**Six Months Ended June 30, 2011**	**May 1 through June 30, 2010**	**April 1 through April 30, 2010**	**January 1 through April 30, 2010**
Sales and other operating revenues	$ 1,777	$ 3,469	$ 940	$ 504	$ 1,820
Operating income	235	469	109	34	157
Income (loss) from equity investments	4	8	(1)		(1)
Sales Volumes, in millions of pounds					
PO and derivatives	791	1,629	516	265	1,134
EO and derivatives	277	565	157	93	358
Styrene	817	1,669	511	269	858
Acetyls	417	855	300	139	518
TBA intermediates	459	944	329	141	613

Three and Six Months Ended June 30, 2011 versus Three and Six Months Ended June 30, 2010

Revenues Revenues for the second quarter and first six months of 2011 increased $333 million and $709 million compared to the second quarter and first six months of 2010, respectively. Higher average sales prices resulted in revenue increases of 16% and 12%, respectively, in the second quarter and first six months of 2011. Higher sales volumes were responsible for revenue increases of 7% and 14% in the second quarter and first six months of 2011, respectively. Average sales prices for most products and were higher in both 2011 periods, and in the first six months of 2011, styrene and to a lesser extent EO and derivatives were the main contributors to volume increases.

Operating Income Operating results for the I&D segment reflected an increase of $92 million in the second quarter 2011 compared to the second quarter 2010 and an increase of $203 million in the first six months of 2011 compared to the same 2010 period. Significant margin expansion in both 2011 periods resulted in higher product margins for acetyls, EO and derivatives and TBA intermediates, and in the first six months of 2011, higher styrene margins. Operating results for PO and PO derivatives remained relatively steady in the 2011 periods compared to the same periods in 2010. Operating results in the second quarter and first six months of 2011 benefited from lower depreciation and amortization expense of $8 million and $43 million, respectively, compared to the combined second quarter and first six months of 2010 primarily due to the write-down of Property, plant and equipment associated with the revaluation of our assets in fresh-start accounting. Operating results for the 2010 Successor period were negatively impacted by a $25 million non-cash charge to adjust inventory at June 30, 2010 to market, which was lower than the value at April 30, 2010 applied during fresh-start accounting.

Second Quarter 2011 versus First Quarter 2011 The I&D segment had operating income of $235 million in the second quarter 2011 compared to $234 million in the first quarter 2011. Operating results for the second quarter 2011 primarily reflected higher product margins for acetyls and styrene, partially offset by the effect of lower PO and PO derivative sales volumes with the end of the aircraft deicer season. Margins for acetyls and styrene benefited from higher average sales prices. Product margins for PO and PO derivatives remained relatively unchanged.

2010 Versus 2009 Market demand for PO and PO derivatives improved in 2010 as the recovery of the automotive industry from a particularly weak 2009 and planned and unplanned industry outages during 2010 resulted in tightened supply. Demand in the Intermediates market also returned to at or above pre-recession levels.

The I&D segment s operating results for 2010 primarily reflected higher sales volumes across most products compared to 2009. The propylene oxide business benefited from planned and unplanned competitor downtime in the first half of 2010 as the market for durable goods end-uses strengthened. Operating results for the Successor

Table of Contents

periods reflected the impacts of fresh-start accounting, including a non-cash charge, in the second quarter 2010, to adjust inventory to market value that was offset by the benefit of lower depreciation and amortization expense related to the write-down of segment assets (see Results of Operations Cost of Sales).

2009 Versus 2008 While improving during the course of 2009, markets for PO and PO derivatives, ethylene derivatives and other intermediate chemical products generally experienced weaker demand in 2009 compared to 2008 particularly in durable goods markets.

The I&D segment operating results in 2009 primarily reflected the negative effects of lower sales volumes compared to 2008. As a result of LyondellBasell AF s cost reduction program, fixed costs were significantly lower in 2009, partly offsetting the negative effects of the weak markets. Product margins were relatively stable. In response to lower PO demand, LyondellBasell AF temporarily idled two PO facilities in late 2008. In mid-May 2009, LyondellBasell AF restarted one of the idled PO facilities, which is located in Europe and is part of LyondellBasell AF s joint venture with Bayer (see Note 12 to LyondellBasell N.V. s Consolidated Financial Statements for the year ended December 31, 2010). The second PO facility restarted in September 2009.

In the third quarter 2008, operating results were negatively impacted by lost production at certain U.S. Gulf Coast plants due to the effects of a hurricane.

The following table sets forth the Intermediates & Derivatives segment s sales and other operating revenues, operating income, income from equity investments and selected product sales volumes.

	Successor		Predecessor	
	May 1 through December 31, 2010	January 1 through April 30, 2010	For the Twelve Months Ended December 31, 2009	2008
Millions of dollars				
Sales and other operating revenues	$ 3,754	$ 1,820	$ 3,778	$ 6,218
Operating income (loss)	512	157	250	(1,915)
Income (loss) from equity investments	2	(1)	(16)	(2)
Sales Volumes, in millions of pounds				
PO and derivatives	2,248	1,134	2,695	2,997
EO and derivatives	614	358	1,063	1,387
Styrene	2,023	858	2,291	3,183
Acetyls	1,189	518	1,682	1,605
TBA intermediates	1,208	613	1,381	1,597

Revenues Revenues for 2010 increased $1,796 million or, 48% compared to 2009, and revenues for 2009 decreased $2,440 million or, 39%, compared to revenues for 2008. The increase in revenue in 2010 compared to 2009 reflected increased demand in the current year leading to higher sales volumes and higher average sales prices across most products, particularly PO, BDO, PG, TBA, and styrene. The higher average product sales prices were responsible for a 28% revenue increase. Higher sales volumes, except in EO and EG, were responsible for the remaining 20% increase in revenues. EO and EG sales volumes were lower in 2010 due to planned and unplanned maintenance activities during the latter half of 2010.

The decrease in 2009 revenue compared to 2008 reflected the effect of lower product sales prices and net lower sale volumes, a trend which began in the latter part of 2008. Lower product sales prices, which include the unfavorable effects of changes in currency exchange rates as the U.S. dollar was stronger in relation to the Euro in 2009 compared to 2008 were responsible for a 23% decrease in revenues. The remaining 16% decrease in revenues was due to the lower sales volumes in 2009 compared to 2008.

Operating Income (Loss) Operating results for 2010 for the I&D segment increased $419 million compared to 2009 and increased $2,165 for 2009 compared to 2008. Operating results for 2010 include an $8 million non-cash charge to adjust inventory at December 31, 2010 to market value, which was lower than the value at April 30, 2010 applied during fresh-start accounting. Lower depreciation and amortization expense

Table of Contents

of $104 million in 2010 compared to 2009 was primarily the result of our write-down of Property, plant and equipment associated with the revaluation of our assets in fresh-start accounting. The remaining increases in 2010 primarily reflected the favorable effect of significantly higher sales volumes for PO and PO derivatives, TBA and styrene. Lower product margins for styrene and TBA and derivatives more than offset higher product margins for acetyls, EO and EG.

Results in 2009 reflected lower fixed costs compared to 2008 as a result of LyondellBasell AF s cost reduction program, and lower utility costs compared to 2008 due to lower natural gas prices. Product margins in 2009 were flat compared to 2008, as lower product prices were offset by lower raw material costs. Results in 2008 were impacted by charges of $1,992 million for impairment of goodwill related to the December 20, 2007 acquisition of Lyondell Chemical and inventory valuation adjustments of $65 million.

Fourth Quarter 2010 versus Third Quarter 2010 The I&D segment had operating income of $196 million in the fourth quarter 2010 compared to $207 million in the third quarter 2010. Operating results in the fourth quarter 2010 included a non-cash benefit of $17 million related to inventory market price recovery in the fourth quarter 2010, which partially offsets the $25 million charge recorded in the second quarter 2010 to adjust inventory to market value after the Emergence Date. The segment s underlying fourth quarter 2010 operating results reflect slightly lower product margins higher fixed costs. The lower product margins primarily reflected higher raw material and utility costs.

Refining and Oxyfuels Segment

Overview Benchmark U.S. heavy crude refining margins were higher in the second quarter and first six months of 2011 as a result of higher discounts for heavy crude oil. European refining margins were challenged by industry overcapacity and the loss of Libyan crude oil supply. Oxyfuels margins in 2011 improved compared to 2010 due to higher gasoline prices relative to the cost of natural gas liquids-based raw material costs.

Segment operating results in the second quarter and first six months of 2011 primarily reflected the effect of higher crude oil refining margins, higher oxyfuels margins, and increased crude runs at the Houston refinery compared to the same periods in 2010. Crude processing rates at the Houston refinery were significantly higher in the second quarter 2011, compared to the second quarter 2010, as the refinery experienced a crude unit shutdown in 2010. Second quarter 2011 crude processing rates at the Berre refinery were lower than the second quarter 2010 as crude margins did not support higher processing rates. Oxyfuels results in the second quarter and first six months of 2011 were higher compared to the same period in 2010. Operating results for the second quarter and first six months of 2011 and the Successor period in 2010 reflect the impacts of fresh-start accounting, including the benefit of lower depreciation and amortization expense related to the write-down of segment assets. In addition, the 2010 Successor period was negatively impacted by a non-cash charge to adjust inventory to market value. See Results of Operations Cost of Sales.

The following table sets forth the Refining and Oxyfuels segment s sales and other operating revenues, operating income and sales volumes for certain gasoline blending components for the applicable periods. In addition, the table shows market refining margins for the U.S. and Europe and MTBE margins in Northwest Europe (NWE). In the U.S., LLS, or Light Louisiana Sweet and WTI, or West Texas Intermediate, are

Table of Contents

light crude oils, while Maya is a heavy crude oil. In Europe, Urals 4-1-2-1 is a measure of West European refining margins.

	Successor			Predecessor	
Millions of dollars	**Three Months Ended June 30, 2011**	**Six Months Ended June 30, 2011**	**May 1 through June 30, 2010**	**April 1 through April 30, 2010**	**January 1 through April 30, 2010**
Sales and other operating revenues	$ 5,833	$ 10,553	$ 2,403	$ 1,333	$ 4,748
Operating income (loss)	296	460	14	29	(99)
Sales Volumes, in millions					
Gasoline blending components MTBE/ETBE (gallons)	206	398	159	77	266
Crude processing rates (thousands of barrels per day)					
Houston Refinery	263	261	152	264	263
Berre Refinery	85	93	106	83	75
Market margins $ per barrel					
Light crude oil 2-1-1*	10.28	8.18	10.98	9.41	7.50
Light crude oil Maya differential	15.50	16.82	8.80	11.01	9.46
Total Maya 2-1-1	25.78	25.00	19.78	20.42	16.96
Urals 4-1-2-1	7.71	7.75	7.53	6.93	6.17
Market margins cents per gallon					
MTBE NWE	92.7	75.4	64.2	87.1	50.2

* WTI crude oil was used as the Light crude reference for periods prior to 2011. As of January 1, 2011 Light Louisiana Sweet (LLS) crude oil is used as the Light crude oil reference. Beginning in early 2011, the WTI crude oil reference has not been an effective indicator of light crude oil pricing given the large location differential compared to other light crude oils.

Three and Six Months Ended June 30, 2011 versus Three and Six Months Ended June 30, 2010

Revenues Revenues for the Refining and Oxyfuels segment increased $2,097 million and $3,402 million, respectively, in the second quarter and first six months of 2011 compared to second quarter and first six months of 2010. These increases are primarily due to higher average sales prices and the effect of higher refining sales volumes. Higher average sales prices were responsible for revenue increases of 48% and 40%, respectively, in the second quarter and first six months of 2011. The remaining increases in revenues of 8% and 7% in the second quarter and first six months of 2011 were related to higher sales volumes.

Houston refinery crude processing rates were higher by 39% and 15%, respectively, in the second quarter and first six months of 2011, compared to the same 2010 periods, primarily due to a crude unit fire in the second quarter 2010. Crude processing rates for the Berre refinery were 12% lower and 9% higher, respectively, in the second quarter and first six months of 2011, compared to the same 2010 periods, partially due to a local port strike in 2011.

Operating Income (Loss) Operating results for the second quarter and first six months of 2011 increased by $253 million and $545 million, respectively, compared to the same periods in 2010. The improvement in the underlying operations of the refining and oxyfuels segment primarily reflects higher refining margins at the Houston refinery as indicated by the increase in the Maya 2-1-1 benchmark margin, and higher oxyfuels margins. Margins for oxyfuels products reflect the effect of higher spreads between the prices of gasoline and butane, a key raw material. Operating results in the first six months of 2011 include a $34 million insurance recovery associated with misappropriation of assets. Operating results for the second quarter and first six months of 2011 also benefited from lower depreciation expense of $12 million and

$101 million, respectively, compared to the same 2010 periods as a result of the application of fresh-start accounting and the revaluation of our assets. Operating results for the 2010 Successor period were negatively impacted by a $132 million non-cash charge to adjust inventory at June 30, 2010 to market value, which was lower than the April 30, 2010 value applied during fresh-start accounting.

Second Quarter 2011 versus First Quarter 2011 The Refining and Oxyfuels segment had operating income of $296 million in the second quarter 2011 compared to $164 million in the first quarter 2011. The first quarter 2011 included a $34 million insurance recovery described above. The improvement in the second quarter 2011 was primarily driven by higher heavy crude oil refining margins, higher oxyfuels margins, and a full quarter of operation of the Houston refinery fluid catalytic cracker unit following the first quarter 2011 turnaround. Higher profits at the Houston refinery are due to higher industry margins, improved process unit operating performance, and commercial improvements in both crude oil acquisition and product sales. Crude processing rates at the Houston refinery were relatively unchanged in the second quarter 2011 compared to the first quarter 2011. Berre refinery crude processing rates were reduced by 14% in the second quarter 2011 in response to market conditions. Realized margins at the Berre refinery were lower in the second quarter 2011 as replacement crude oils for Libyan crudes became more expensive and sale prices for naphtha sold as petrochemical feedstock did not keep pace with the higher cost of raw materials. Oxyfuels product margins were seasonally higher in the second quarter 2011 compared to the first quarter 2011, reflecting the benefit of a higher spread between butane and gasoline and the higher demand for high octane, clean gasoline components.

2010 Versus 2009 In 2010 compared to 2009, benchmark heavy crude refining margins averaged higher, primarily due to an increase in the differential between the cost of heavy and light crude oil.

Segment operating results in 2010 compared to 2009 primarily reflected higher benchmark refining margins and lower crude processing rates at the Houston refinery. Crude processing rates for the Houston refinery reflected the effects of a crude unit fire, sulfur recovery constraints and unplanned outages, while the Berre refinery crude processing rates were negatively affected by national strikes in France during the fourth quarter 2010. Oxyfuels results were lower in 2010. Operating results for the Successor period reflected the impacts of fresh-start accounting, including non-cash charges in the second and third quarters of 2010 to adjust inventory to market value, all of which was recovered in the fourth quarter 2010, and the benefit of lower depreciation and amortization expense related to the write-down of segment assets (see Results of Operations Cost of Sales).

2009 Versus 2008 Benchmark refining margins for 2009 were lower compared to the same period in 2008, generally reflecting the weaker global economy and consequent weaker demand for gasoline and distillate products, such as diesel and heating oil. The weaker demand resulted in lower prices for light crude oil, while OPEC-mandated production cuts resulted in lower supplies of heavy crude oil and lower price discounts relative to light crude oil. Both factors compressed the price differential between light and heavy crude oil. Benchmark margins for oxyfuels in 2009 were comparable to 2008.

Refining and Oxyfuels segment operating results in 2009 primarily reflected the effects of significantly lower U.S. refining margins compared to the same period in 2008. The operating results of the Berre refinery, which was acquired on April 1, 2008, reflected the weak distillate markets in 2009. Operating results in 2009 benefited from higher margins for oxygenated gasoline blending components and lower utility and fixed costs, but were negatively affected by outages of some of the Houston refinery s sulfur recovery units during the second quarter 2009 and of a crude unit during the fourth quarter 2009. As a result of LyondellBasell AF s cost reduction program, fixed costs were significantly lower in 2009 compared to 2008.

In 2008, operating results were negatively impacted by lost production at the Houston refinery due to the effects of a hurricane and a scheduled maintenance turnaround of one of the refinery s crude trains and coker units during the third

quarter 2008 that was delayed by an incident involving a contractor s crane and an unplanned second quarter 2008 outage of a FCC unit.

Table of Contents

The following table sets forth the Refining and Oxyfuels segment s sales and other operating revenues, operating income and sales volumes for certain gasoline blending components for the applicable periods. In addition, the table shows market refining margins for the U.S. and Europe and MTBE margins in Northwest Europe (NWE). In the U.S., WTI, or West Texas Intermediate, is a light crude oil, while Maya is a heavy crude oil. In Europe, Urals 4-1-2-1 is a measure of West European refining margins.

	Successor	Predecessor		
	May 1 through December 31, 2010	January 1 through April 30, 2010	For the Twelve Months Ended December 31, 2009	2008
Millions of dollars				
Sales and other operating revenues	$ 10,321	$ 4,748	$ 12,078	$ 18,362
Operating income (loss)	241	(99)	(357)	(2,378)
Sales Volumes, in millions				
Gasoline blending components MTBE/ETBE (gallons)	625	266	831	1,018
Crude processing rates (thousands of barrels per day):				
Houston Refining	223	263	244	222
Berre Refinery(1)	94	75	86	102
Market margins $ per barrel				
WTI 2-1-1	8.98	7.50	6.98	12.37
WTI Maya	8.99	9.46	5.18	15.71
Total	17.97	16.96	12.16	28.08
Urals 4-1-2-1	6.59	6.17	5.57	10.98
Market margins cents per gallon				
MTBE NWE	33.9	50.2	67.9	51.9

(1) Berre Refinery purchased April 1, 2008

Revenues Revenues for the Refining and Oxyfuels segment increased $2,991 million, or 25%, in 2010 compared to 2009 and decreased $6,284 million, or 34%, from 2008 to 2009. Higher average sales prices at the Houston and Berre refineries in 2010 were responsible for a 30% increase in revenues compared to 2008. Lower crude processing rates in 2010 compared to 2009 decreased revenues by 5%. Crude processing rates for the Houston refinery were 3% lower, compared to 2009, as a result of a May 2010 crude unit fire and other planned and unplanned outages during 2010. Crude processing rates for the Berre refinery were 2% higher in 2010, compared to 2009, despite several planned and unplanned outages.

Lower average sales prices in 2009 were responsible for a 36% decrease in revenues compared to 2008, while higher sales volumes at the Houston refinery increased revenues by 2%. The decrease during 2009 was partially offset by the

effect of a full year of operation of the Berre refinery, which was acquired April 1, 2008.

Operating Income (Loss) Operating results increased $499 million in 2010, compared to 2009, and increased $2,021 million in 2009, compared to 2008. Operating results in 2010 were negatively impacted by a $21 million charge associated with a change in estimate related to a dispute that arose during the third quarter 2010 over an environmental indemnity, the impairment of assets related to the Berre refinery, and by a crude unit fire in May 2010 resulting in lost production and $14 million in cash costs. Operating results for 2009 included the benefit of $50 million from the settlement of hedging activity at the Houston refinery related to distillates. Lower depreciation and amortization expense of $269 million in 2010 compared to 2009 was

Table of Contents

primarily the result of the write-down of Property, plant and equipment associated with the revaluation of our assets in fresh-start accounting. Apart from the effects of the items listed above, increases in operating results for 2010 were primarily due to higher refining margins, especially at the Houston refinery, partially offset by lower product margins for oxyfuels. The decreased oxyfuels margins in 2010 are primarily due to the normalization of margins in 2010 compared to the exceptional margins achieved in 2009.

Operating results in 2009 were negatively affected by lower crude refining margins, partially offset by lower utility costs due to lower natural gas prices and lower fixed costs. The latter reflected LyondellBasell AF s cost reduction program. The lower refining margins were primarily attributable to U.S. refining markets, although margins were lower for both the Houston and Berre refineries. In 2008, operating results were negatively impacted by scheduled maintenance turnarounds of crude and coker units and the related July 2008 crane incident at the Houston refinery, as well as by operating disruptions related to Hurricane Ike by an estimated $205 million. In addition to the turnaround and hurricane effects, operating results were negatively affected by an estimated $220 million as a result of lost production due to unplanned maintenance at the Houston refinery s FCC and other operating units. Operating results were also negatively impacted by impairment charges against goodwill of $2,305 million and other assets of $218 million and inventory valuation adjustments of $442 million.

Fourth Quarter 2010 Versus Third Quarter 2010 The Refining and Oxyfuels segment had operating income of $144 million in the fourth quarter 2010 compared to $83 million in the third quarter 2010. Operating results in the fourth quarter 2010 reflect the non-cash benefit of $132 million related to inventory market price recovery, which offsets the lower of cost or market charges recorded in the second and third quarters of 2010 of $132 million and $1 million, respectively, and the impairment of assets related to the Berre refinery. Third quarter 2010 operating results include the $21 million charge associated with a change in estimate related to a dispute over an environmental indemnity. The underlying operating results of the Refining and Oxyfuels business segment decreased in the fourth quarter 2010 primarily due to lower overall sales volumes, partially offset by higher refining margins at both the Houston and Berre refineries. Crude processing rates for the Houston refinery were 11% lower compared to the third quarter 2010, reflecting the effect of unplanned outages during the fourth quarter, while crude processing rates in the fourth quarter 2010 for the Berre refinery were only slightly lower compared to the third quarter 2010. Refining margins during the fourth quarter reflected the effect of higher average sales prices resulting from, in the case of the Berre refinery, the disruption due to the national strikes in France. Normal seasonal declines affected oxyfuels product margins and sales volumes during the fourth quarter 2010. The seasonal decline in margins was steeper than usual as the price of feedstocks, butane and ethanol, rose rapidly due to cold weather and a poor grain harvest, respectively.

Technology Segment

Overview The Technology segment results in 2011 reflected higher research and development costs offset by higher licensing revenue in the first six months of 2011 compared to the comparable 2010 period. The following table sets forth the Technology segment s sales and other operating revenues and operating income.

	Successor			Predecessor	
Millions of dollars	**Three Months Ended June 30, 2011**	**Six Months Ended June 30, 2011**	**May 1 through June 30, 2010**	**April 1 through April 30, 2010**	**January 1 through April 30, 2010**
Sales and other operating revenues	$ 126	$ 265	$ 75	$ 35	$ 145
Operating income	23	89	23	8	39

Three and Six Months Ended June 30, 2011 versus Three and Six Months Ended June 30, 2010

Revenues Revenues for the second quarter and first six months of 2011 increased by $16 million, or 15%, and $45 million, or 20%, compared to second quarter and first six months of 2010, respectively. The increases were primarily due to the recognition in the 2011 periods of previously deferred process license revenue.

Table of Contents

Operating Income Operating income decreased by $8 million in the second quarter of 2011 and increased by $27 million in the first six months of 2011, compared to the second quarter and first six months of 2010. The decrease in the second quarter 2010 reflected higher R&D expenses, partially offset by the effects of higher revenue related to process licenses from prior years. The increase in the first six months of 2011 reflected the effects of higher revenue from process licenses from prior years, which was partially offset by higher R&D costs. Operating income in the 2010 periods reflected the impact of a slowdown in polyolefin projects that stemmed from the economic crisis in late 2008. The higher R&D costs include charges totaling $16 million for employee severance and asset retirement obligations related to an R&D facility that is being relocated.

Second Quarter 2011 versus First Quarter 2011 The Technology segment had operating income of $23 million in the second quarter 2011 compared to $66 million in the first quarter 2011. Operating results in the second quarter decreased by $43 million primarily due to the effects of lower process license revenue, as well as higher R&D costs. The higher R&D costs include charges totaling $16 million for employee severance and asset retirement obligations related to an R&D facility that is being relocated.

2010 Versus 2009 The Technology segment results in 2010 were negatively impacted by lower licensing revenue, reflecting a slowdown in new polyolefin projects as a consequence of the economic crisis beginning late in the fourth quarter 2008. Higher sales volumes for catalysts partially offset the results for process licenses. The negative effect of a strengthening U.S. dollar versus the Euro in 2010 also negatively impacted the Technology segment s 2010 results.

2009 Versus 2008 Technology segment results for 2009 were primarily affected by lower license revenue, reflecting weaker global markets compared to 2008. The segment results also reflected the negative effects of changes in currency exchange rates as the U.S. dollar strengthened versus the Euro. The 2009 results benefited from lower R&D expense, reflecting LyondellBasell AF s cost reduction program and a government subsidy, and the effects of higher catalyst sales volumes.

The following table sets forth the Technology segment s sales and other operating revenues and operating income.

	Successor		Predecessor	
	May 1 through December 31, 2010	January 1 through April 30, 2010	For the Twelve Months Ended December 31, 2009	2008
Millions of dollars				
Sales and other operating revenues	$ 365	$ 145	$ 543	$ 583
Operating income	69	39	210	202

Revenues Revenues for 2010 decreased $33 million, or 6% compared to 2009 and decreased $40 million, or 7% from 2008 to 2009. Lower process license revenue in 2010 and 2009 was responsible for decreases in revenues of 15% and 7%, respectively. Higher catalyst sales volumes increased revenues by 9% and 5%, respectively. However, lower average sales prices for catalysts in 2009 compared to 2008 decreased revenues by 5%, offsetting the effect of the higher sales volumes. In addition, currency exchange rates had an unfavorable effect on operating income of non-U.S. operations as the U.S. dollar strengthened versus the Euro in both periods.

Operating Income Operating income for 2010 for the Technology segment decreased $102 million compared to 2009 and increased $8 million from 2008 to 2009. Operating income for 2010 was negatively affected by an $8 million

charge associated with a change in estimate related to a dispute that arose during the third quarter 2010 over an environmental indemnity and by a $17 million charge related to the sale, in 2010, of higher cost inventory. The remaining decrease in operating income in 2010 compared to 2009 was the result of lower licensing revenue, and to a lesser extent, the negative effects of a strengthening U.S. dollar versus the Euro in 2010 compared to 2009. These decreases in 2010 operating results were only partly offset by the effect of increased catalyst sales volumes in 2010. Operating income in 2009 also included the benefit of a government subsidy recognized as a reduction of R&D expense.

The $8 million increase in operating income in 2009, compared to 2008, was primarily the result of higher catalysts sales volumes, partly offset by an unfavorable effect from changes in currency exchange rates.

Table of Contents

Currency exchange rates had an unfavorable effect on operating income as the U.S. dollar strengthened versus the Euro in 2009 compared to 2008.

Fourth Quarter 2010 versus Third Quarter 2010 The Technology segment had operating income of $8 million in the fourth quarter 2010 compared to $38 million in the third quarter 2010. Apart from a fourth quarter 2010 charge of $17 million related to the sale of higher cost inventory during the year and an $8 million charge related to a dispute over environmental liability, operating results in the fourth quarter 2010 reflected lower licensing income and the effect of lower sales volumes for catalysts, compared to the third quarter 2010.

FINANCIAL CONDITION

Operating, investing and financing activities of continuing operations, which are discussed below, are presented in the following table:

	Successor		Predecessor			
	Six Months Ended June 30, 2011	May 1 through December 31, 2010	May 1 through June 30, 2010	January 1 through April 30, 2010	For the Twelve Months Ended December 31, 2009	2008
Millions of dollars						
Source (use) of cash:						
Operating activities	$ 1,247	$ 2,957	$ 1,105	$ (936)	$ (787)	$ 1,090
Investing activities	(651)	(312)	(110)	(213)	(611)	(1,884)
Financing activities	(299)	(1,194)	133	3,315	1,101	1,083

Operating Activities Cash of $1,247 million provided in the first six months of 2011 primarily reflected an increase in earnings and higher distributions from our joint ventures, partially offset by an increase in cash used by the main components of working capital and company contributions to our pension plans. The $180 million of cash provided in the combined first six months of 2010 primarily reflected an increase in earnings offset by payments of reorganization items and certain annual payments related to sales rebates, employee bonuses, property taxes and insurance premiums.

The main components of working capital used cash of $481 million in the first six months of 2011 compared to $348 million in the first six months of 2010. The increase in these working capital components during the first half of 2011 reflects increases of $1,002 million and $619 million, respectively, in accounts receivable and inventory, partially offset by a $1,140 million increase in accounts payable. The increases in both accounts receivable and accounts payable reflects the effect of increasing prices over the period as well as the effect of a higher currency exchange rate on our European balances. The increase in inventory reflects temporary volume increases in our O&P EAI business segment and to a lesser extent, in our Refining and Oxyfuels business segment. Inventory was also affected by a higher currency exchange rate.

The $348 million use of cash by the main components of working capital in the first six months of 2010 reflected a $511 million increase in accounts receivable due to the effects of higher average sales prices and higher sales volumes and a $312 million increase in inventory, partially offset by a $475 million increase in accounts payable due to the higher costs and volumes of feedstocks, and more favorable payment terms. Price and volume changes in the first six months of 2010 more than offset the effects of lower exchange rates on the values of our European working capital.

Cash provided in the combined Successor and Predecessor periods of 2010 primarily reflected an increase in earnings offset by payments for reorganization items, claims under the Plan of Reorganization, and certain annual payments relating to sales rebates, employee bonuses, property taxes and insurance premiums. The use of cash in 2009 primarily reflected a $573 million increase in cash used by the main components of working capital accounts receivable and inventory, net of accounts payable and $329 million of vendor prepayments that were required by certain third parties as a result of LyondellBasell AF s chapter 11 filing.

In 2010, the main components of working capital accounts receivable and inventory, net of accounts payable used cash of $456 million compared to $573 million in 2009. The increase in these components of

working capital during 2010 reflected a $702 million increase in accounts receivable due to higher average sales prices and higher sales volumes and a $395 million increase in inventory, partially offset by a $641 million increase in accounts payable due to the higher costs and volumes of feedstocks, and more favorable payment terms.

Changes in the main components of working capital used cash of $573 million in 2009 and provided cash of $747 million in 2008. The increase in cash used by the main components of working capital in 2009 primarily reflected a $503 million repayment that was required in connection with the termination of an accounts receivable securitization program in early 2009. Operationally, cash used by the main components of working capital increased by only $70 million, despite the effect of rising prices during 2009, as the Company focused on reducing working capital levels.

In 2008, the $747 million of cash provided by the main components of working capital primarily reflected the effects of declining crude oil prices on sales prices and the value of inventory; the disruptive effects of Hurricane Ike on the Company s Gulf Coast operations; and the planned and unplanned outages related to a turnaround at the Houston Refinery. Other factors impacting the main components of working capital included a general tightening of credit in the industry and the delay, in December 2008 of certain payments.

Investing Activities Cash of $651 million used in investing activities in the first six months of 2011 primarily reflects capital expenditures and a $239 million increase in restricted cash, partially offset by $57 million in proceeds related to the sale of surplus precious metals. The increase in restricted cash is primarily related to the issuance of letters of credit, which are cash collateralized.

Investing activities of $334 million in the combined 2010 period reflect capital expenditures that were partially offset by $12 million in proceeds from a money market fund that had suspended rights to redemption in 2008.

Cash used in investing activities in 2010 included $692 million of capital expenditures, partially offset by proceeds of $154 million from the sale of our F&F business in December 2010 and $12 million in proceeds from a money market fund that had suspended rights to redemption in 2008, as described below.

The cash used in 2009 primarily included $779 million of capital expenditures, partially offset by proceeds of $120 million from insurance claims, $20 million from sales of assets, and $23 million from a net reduction of short-term investments. The cash provided by insurance claims related to damages sustained in 2005 at the polymers plant in Münchsmünster, Germany.

The cash used in 2008 was primarily related to business acquisitions and capital expenditures, partially offset by proceeds from the sales of assets and insurance claims related to the polymers plant in Münchsmünster, Germany. Acquisitions in 2008 included the April 2008 acquisition of the Shell oil refinery, inventory and associated infrastructure and businesses at our Berre Refinery for a purchase price of $927 million, including final adjustment for working capital and the February 2008 acquisition of Solvay Engineered Polymers, Inc., a leading supplier of polypropylene compounds in North America, for $134 million (see Note 5 to LyondellBasell N.V. s Consolidated Financial Statements for the year ended December 31, 2010). Asset sales included the September 2008 sale of the TDI business for proceeds of 77 million ($113 million) and the July 2008 sale of a Canadian plant for proceeds of $18 million. As a result of financial difficulties experienced by major financial institutions beginning in the latter part of 2008, LyondellBasell AF received notice that rights of redemption had been suspended with respect to a money market fund in which LyondellBasell AF had invested approximately $174 million. LyondellBasell AF subsequently redeemed a total of $172 million, including $137 million in 2008, $23 million in 2009 and $12 million in January 2010.

Table of Contents

The following table summarizes capital expenditures for the periods presented:

		Successor			Predecessor		
		Six Months Ended					
	Plan	June 30,	May 1 through December 31,	May 1 through June 30,	January 1 through April 30,	Twelve Months Ended December 31,	
	2011	2011	2010	2010	2010	2009	2008
Millions of dollars							
Capital expenditures by segment:							
O&P Americas	$ 361	$ 204	$ 146	$ 50	$ 52	$ 142	$ 201
O&P EAI	286	79	105	31	102	411	509
I&D	122	20	77	5	8	23	66
Refining and Oxyfuels	345	159	108	22	49	167	196
Technology	38	10	19	3	12	32	33
Other	15	12	12	2	3	6	24
Total capital expenditures by segment	1,167	484	467	113	226	781	1,029
Less:							
Contributions to PO Joint Ventures	3	2	1			2	29
Consolidated capital expenditures of continuing operations	$ 1,164	$ 482	$ 466	$ 113	$ 226	$ 779	$ 1,000

The capital expenditures presented in the table above for all periods prior to 2011 exclude costs of major periodic maintenance and repair activities, including turnarounds and catalyst recharges of $74 million in the first quarter 2010 and $71 million, $39 million and $164 million in the Predecessor periods of 2010, 2009 and 2008, respectively.

Financing Activities Financing activities used cash of $299 million in the first six months of 2011 and provided $3,448 million in the combined 2010 period. In May 2011, we redeemed $203 million and 34 million ($50 million) of our 8% Senior Secured Notes due 2017, comprising 10% of the outstanding senior secured dollar notes and senior secured Euro notes at March 31, 2011. We paid $7 million of premiums in conjunction with the redemption of the notes. Also in May 2011, we paid cash dividends of $0.10 per share of common stock totaling $57 million to shareholders of record on May 5, 2011. In June 2011, we paid $15 million of fees related to the amendment of our U.S. ABL facility. In the first quarter of 2011, we received proceeds of $37 million upon conversion of outstanding warrants to common stock.

The two month Successor period ending June 30, 2010 reflects a net increase in borrowings of $132 million under our European Securitization facility and a $2 million payment related to a previous factoring facility in France. The cash used in the Successor period primarily reflects the repayment of debt in the fourth quarter of 2010. In December 2010, we redeemed $225 million and 37.5 million ($50 million) of our 8% Senior Secured Notes due 2017, comprising 10% of the outstanding senior secured dollar notes and senior secured Euro notes, respectively. In conjunction with the redemption of the notes, we paid premiums totaling $8 million. Also in 2010, we repaid $495 million of the Senior Term Loan Facility, including a mandatory quarterly amortization payment of $1 million and a prepayment, at par, of $494 million in December 2010.

Since the Emergence Date, we made net payments totaling $398 million under the European Securitization Facility, which includes the entire outstanding balance in October 2010. We also made net payments of $14 million under our accounts receivable factoring facility during the Successor period.

As part of our emergence from bankruptcy, we received gross proceeds of $2,800 million on April 30, 2010 in connection with the issuance of shares in a rights offering and paid $86 million of fees, including $70 million of fees to equity backstop providers. On April 30, 2010 we also received net proceeds of $3,242 million from the issuance of new debt by our subsidiary, Lyondell Chemical, including Senior Secured Notes in the amounts of $2,250 million and 375 million ($497 million) and from proceeds of the Senior

Term Loan facility of $495 million. Proceeds from the rights offering and the Senior Notes, along with borrowings under the Senior Term Loan Facility and the amended and restated European Securitization, were used to repay outstanding amounts of $2,167 million under the DIP New Money Term Loan, $985 million under the DIP ABL Facility and to pay a $195 million exit fee required under the DIP financing. We also paid fees totaling $92 million in connection with our new U.S. ABL Facility and amended and restated European Securitization facility. Predecessor debt classified as Liabilities subject to compromise immediately prior to emergence from bankruptcy was discharged pursuant to the Plan of Reorganization (see Note 4 to LyondellBasell N.V. s Consolidated Financial Statements for the year ended December 31, 2010).

Apart from the payments reflected above, during the 2010 Predecessor period, we repaid a $5 million Argentinean loan; made a $12 million mandatory quarterly amortization payment of the Dutch Tranche A Dollar Term Loan, $3 million of which was related to the DIP Roll-Up Loans; and made payments of $8 million on the French Factoring Facility. In addition, we made payments totaling $13 million related to the extension of the DIP financing. We also had a net increase in borrowings of $47 million under the European Securitization facility in the 2010 Predecessor period.

In 2009, LyondellBasell AF borrowed $2,167 million under a DIP financing arrangement, receiving net proceeds of $2,089 million and subsequently paid additional bank fees of $97 million. In addition, LyondellBasell AF paid fees of $93 million related to the issuance of the DIP ABL facility, and at December 31, 2009 had $325 million of net borrowings outstanding under this facility.

The chapter 11 filing in 2009 constituted a termination event under the asset-based credit facilities in the U.S., and LyondellBasell AF used $880 million of the net proceeds under the DIP financing arrangement to repay $766 million and $114 million outstanding under the previous inventory-based credit facility and the North American accounts receivable securitization program, respectively. As noted under Operating Activities, LyondellBasell AF also used $503 million to repurchase outstanding accounts receivable sold under its previous $1,150 million receivables securitization facility. In addition, LyondellBasell AF repaid a $100 million demand note related to emergency postpetition funding. In 2009, LyondellBasell AF made net repayments totaling $201 million under its European receivables securitization program, which was amended and restated in March 2009. LyondellBasell AF repaid $45 million (70 million Australian dollars) outstanding under an Australian term loan and $11 million of other loans, including $6 million outstanding under an Argentinean bank loan, and made mandatory quarterly amortization payments of the Dutch Tranche A Dollar Term Loan totaling $24 million, $6 million of which was related to the DIP financing.

A non-debtor subsidiary of LyondellBasell AF entered into an accounts receivable factoring agreement in 2009 under which it received $24 million of proceeds. See the Accounts Receivable Factoring Agreement section in Liquidity and Capital Resources. Also in 2009, LyondellBasell AF received $18 million of proceeds from an Argentinean bank loan and borrowed $17 million related to a letter of credit presented for payment under the prepetition senior secured revolving credit facility.

LyondellBasell AF had an additional $21 million of cash used by financing activities, primarily related to the effects of bank overdrafts.

The cash provided in 2008 primarily reflected net $1,510 million borrowed under LyondellBasell AF s credit facilities offset by $384 million of long-term debt repayments. The borrowings were used to fund the business acquisitions described in the Investing Activities section above.

Liquidity and Capital Resources As of June 30, 2011, we had cash on hand of $4,687 million. In addition, we had total unused availability under our credit facilities of $2,382 million at June 30, 2011, which included the following:

$1,737 million under our $2,000 million U.S. ABL facility, which is subject to a borrowing base, net of outstanding borrowings and outstanding letters of credit provided under the facility. At June 30, 2011, we had $263 million of outstanding letters of credit and no outstanding borrowings under the facility.

432 million and $25 million (totaling approximately $645 million) under our 450 million European receivables securitization facility. Availability under the European receivables securitization facility is

subject to a borrowing base, net of outstanding borrowings. There were no outstanding borrowings under this facility at June 30, 2011.

In addition to the letters of credit issued under the U.S. ABL facility, we also have outstanding letters of credit totaling $221 million, which are collateralized by cash. Such cash is included in the $250 million of Restricted cash reflected on the Consolidated Balance Sheets as of June 30, 2011.

We may use cash on hand, cash from operating activities and proceeds from asset divestitures to repay debt, which may include additional purchases of our outstanding bonds in the open market or otherwise. We also plan to finance our ongoing working capital, capital expenditures, debt service and other funding requirements through our future financial and operating performance, which could be affected by general economic, financial, competitive, legislative, regulatory, business and other factors, many of which are beyond our control. We believe that our cash, cash from operating activities and proceeds from our credit facilities provide us with sufficient financial resources to meet our anticipated capital requirements and obligations as they come due.

At June 30, 2011, we had total debt, including current maturities, of $5,865 million.

In June 2011, we obtained an amendment to our U.S. ABL facility to, among other things: (i) increase the facility to $2 billion; (ii) extend the maturity date to June 2016; (iii) reduce the applicable margin and commitment fee and (iv) amend certain covenants and conditions to provide additional flexibility.

In March 2011, we amended and restated our Senior Secured Term Loan Agreement to, among other things, modify the term of the agreement and certain restrictive covenants. This amended and restated agreement matures in April 2014.

In May 2011, we announced our intention to seek a buyer for our Berre refinery in France.

We are party to certain registration rights agreements relating to our Senior Secured 8% Notes and our Senior Secured 11% Notes, which obligate us to conduct an exchange offer for the 8% notes and register the resale of the 11% notes held by affiliates with the SEC. The registration rights agreements require the registration statements for the exchange or resale, as applicable, to be effective with the SEC by May 3, 2011, which has not occurred. As a result, beginning May 4, 2011, we are subject to penalties in the form of increased interest rates as required by the registration rights agreement. The interest penalties are 0.25% per annum for the applicable notes for the first 90 days that the registration statements are not effective, increasing by an additional 0.25% per annum for each additional 90 days, up to a maximum of 1.00% per annum. We do not expect the amount of penalties that we will ultimately pay to be material.

On August 3, 2011, the Management Board of the Company recommended to the Supervisory Board that the Company pay a dividend of $0.20 per share. The Supervisory Board has authorized and directed the Management Board to take actions necessary to pay the dividend. Subject to the Management Board s adoption of a resolution declaring the dividend, it is expected that the dividend will be paid on September 7, 2011 to shareholders of record as of August 17, 2011. Management intends to declare interim dividends to the extent the Company s cash flows and results of operations support such dividend payments in the future.

As of December 31, 2010, we had cash on hand of $4,222 million. In addition, we had total unused availability under our credit facilities of $1,883 million at December 31, 2010, which included the following:

$1,380 million under our $1,750 million U.S. ABL facility, which matures in 2014. Availability under the U.S. ABL facility is subject to a borrowing base of $1,750 million at December 31, 2010, and is reduced to the

extent of outstanding borrowings and outstanding letters of credit provided under the facility. At December 31, 2010, we had $370 million of outstanding letters of credit and no outstanding borrowings under the facility.

368 million and $16 million (totaling approximately $503 million) under our 450 million European receivables securitization facility. Availability under the European receivables securitization facility is subject to a borrowing base comprising 368 million and $16 million in effect as of December 31, 2010. There were no outstanding borrowings under this facility at December 31, 2010.

Table of Contents

In October 2010, we provided the lenders under our accounts receivable factoring facility with notice of our intent to terminate the agreement. The facility was repaid in full in November 2010 and terminated.

At December 31, 2010, we had total short-term and long-term debt, including current maturities, of $6,082 million. At December 31, 2010, our $4 million of current maturities of long-term debt comprises various non-U.S. loans.

Receivables securitization On May 4, 2010, we amended and restated an existing securitization agreement under which two of our non-U.S. subsidiaries may sell, subject to a borrowing base, up to 450 million in trade receivables. Transfers of accounts receivable under this three-year program do not qualify as sales; therefore, the transferred accounts receivable and the proceeds received through such transfers are included in trade receivables, net, and short-term debt in the consolidated balance sheets. There were no borrowings under this facility as of December 31, 2010.

Contractual and Other Obligations The following table summarizes, as of December 31, 2010, our minimum payments for long-term debt, including current maturities, short-term debt, and contractual and other obligations for the next five years and thereafter.

		Payments Due By Period					
Millions of dollars	**Total**	**2011**	**2012**	**2013**	**2014**	**2015**	**Thereafter**
Total debt	$ 6,082	$ 46	$ 10	$ 1	$	$ 1	$ 6,024
Interest on total debt	4,460	609	608	608	589	579	1,467
Pension benefits:							
PBO	2,933	161	166	236	186	205	1,979
Assets	(1,760)						(1,760)
Funded status	1,173						
Other postretirement benefits	332	22	22	23	23	24	218
Advances from customers	101	12	17	16	12	12	32
Other	605	112	93	71	35	33	261
Deferred income taxes	656	122	119	107	97	87	124
Other obligations:							
Purchase obligations:							
Take-or-pay contracts	15,223	2,400	2,352	2,328	2,357	1,910	3,876
Other contracts	41,593	13,484	6,325	5,612	5,405	4,767	6,000
Operating leases	1,687	278	232	211	185	152	629
Total	$ 71,912	$ 17,246	$ 9,944	$ 9,213	$ 8,889	$ 7,770	$ 18,850

Total Debt Total debt includes our 8% U.S. dollar and Euro Senior Secured Notes due 2017, Senior Secured Term Loan Facility due 2016, 11% Senior Secured Notes due 2018, 8.1% guaranteed notes due 2027 (the 2027 Notes) and various non-U.S. loans. See Note 15 for a discussion of covenant requirements under the credit facilities and indentures and additional information regarding our debt facilities.

Interest Our debt and related party debt agreements contain provisions for the payment of monthly, quarterly or semi-annual interest at a stated rate of interest over the term of the debt.

Pension Benefits We maintain several defined benefit pension plans, as described in Note 18 to LyondellBasell N.V. s Consolidated Financial Statements for the year ended December 31, 2010. At December 31, 2010, the projected benefit obligation for our pension plans exceeded the fair value of plan assets by $1,173 million. Subject to future actuarial gains and losses, as well as actual asset earnings, we, together with our consolidated subsidiaries, will be required to fund the $1,173 million, with interest, in future years. We contributed $99 million to our pension plans in 2010 and LyondellBasell AF made contributions to the plans of $52 million in 2009 and $80 million in 2008. In January 2011, we contributed $155 million of the

Table of Contents

approximately $287 million of required contributions that we expect to make to our pension plans in 2011. Estimates of pension benefit payments through 2015 are included in the table above.

Other Postretirement Benefits We provide other postretirement benefits, primarily medical benefits to eligible participants, as described in Note 18 to LyondellBasell N.V. s Consolidated Financial Statements for the year ended December 31, 2010. We pay other unfunded postretirement benefits as incurred. Estimates of other postretirement benefit payments through 2015 are included in the table above.

Advances from Customers We are obligated to deliver product, primarily at cost-based prices, in connection with long-term sales agreements under which our Predecessor received advances from customers in prior years. These advances are treated as deferred revenue and will be amortized to earnings as product is delivered over the remaining terms of the respective contracts, which primarily range from 4 to 8 years. The unamortized long-term portion of such advances totaled $101 million as of December 31, 2010.

Other Other primarily consists of accruals for environmental remediation costs, obligations under deferred compensation arrangements, and anticipated asset retirement obligations. See Critical Accounting Policies below for a discussion of obligations for environmental remediation costs.

Deferred Income Taxes The scheduled settlement of the deferred tax liabilities shown in the table is based on the scheduled reversal of the underlying temporary differences. Actual cash tax payments will vary depending upon future taxable income.

Purchase Obligations We are party to various obligations to purchase products and services, principally for raw materials, utilities and industrial gases. These commitments are designed to assure sources of supply and are not expected to be in excess of normal requirements. The commitments are segregated into take-or-pay contracts and other contracts. Under the take-or-pay contracts, we are obligated to make minimum payments whether or not we take the product or service. Other contracts include contracts that specify minimum quantities; however, in the event that we do not take the contractual minimum, we are only obligated for any resulting economic loss suffered by the vendor. The payments shown for the other contracts assume that minimum quantities are purchased. For contracts with variable pricing terms, the minimum payments reflect the contract price at December 31, 2010.

Operating Leases We lease various facilities and equipment under noncancelable lease arrangements for various periods. See Note 16 to LyondellBasell N.V. s Consolidated Financial Statements for the year ended December 31, 2010 for related lease disclosures.

RELATED PARTY TRANSACTIONS

We have related party transactions with certain of our major shareholders and their affiliates and our joint venture partners. We believe that such transactions are effected on terms substantially no more or less favorable than those that would have been agreed upon by unrelated parties on an arm s length basis.

LyondellBasell AF had related party transactions with its equity investees and its affiliates as well as a member of its Board of Directors (see Note 7 to LyondellBasell N.V. s Consolidated Financial Statements for the year ended December 31, 2010). In addition, prior to the Emergence Date, LyondellBasell AF had related party transactions with Access Industries.

CRITICAL ACCOUNTING POLICIES

Management applies those accounting policies that it believes best reflect the underlying business and economic events, consistent with accounting principles generally accepted in the U.S. (see Note 2 to LyondellBasell N.V. s Consolidated Financial Statements for the year ended December 31, 2010). Our more critical accounting policies include those related to the valuation of inventory, long-lived assets, the valuation of goodwill, accruals for long-term employee benefit costs such as pension and other postretirement costs, liabilities for anticipated expenditures to comply with environmental regulations, and accruals for taxes based on income. Inherent in such policies are certain key assumptions and estimates made by management. Management periodically updates its estimates used in the preparation of the financial statements based on its

latest assessment of the current and projected business and general economic environment. Changes to these critical accounting policies have been reviewed with LyondellBasell N.V. s Supervisory Board.

Inventory LyondellBasell N.V. adopted the LIFO method of accounting for inventory upon implementation of fresh-start accounting. In conjunction with the implementation of fresh-start accounting on April 30, 2010, the Company recorded its inventory, which is primarily crude-oil derived, at fair value. The resulting increase in inventory was primarily in the U.S. and was largely driven by the price of crude oil. The per barrel benchmark price of WTI crude oil at April 30, 2010 had increased to $86.15. The price of crude oil is subject to many factors, including changes in economic conditions. The fluctuation in the price of crude oil from period to period may result in the recognition of charges to adjust the value of inventory to the lower of cost or market in periods of falling prices and the reversal of those charges in subsequent periods as market prices recover. Accordingly, our cost of sales and results of operations may be affected by such fluctuations.

Following the revaluation of our inventory on April 30, 2010, the per barrel benchmark price of WTI crude oil declined to $75.63 on June 30, 2010, resulting in a $333 million lower of cost or market adjustment primarily to the Company s raw materials and finished goods inventory and associated increase in cost of sales for the period from May 1 through June 30, 2010. In the third quarter 2010, as a result of lower market prices for certain of the Company s finished goods inventory, the Company recorded a non-cash charge of $32 million to adjust the value to the lower of cost or market. The recovery of the market price of crude oil in the fourth quarter of 2010, resulted in a non-cash credit of $323 million to earnings.

Long-Lived Assets With respect to long-lived assets, key assumptions included the estimates of the asset fair values and useful lives at the Emergence Date and the recoverability of carrying values of fixed assets and other intangible assets, as well as the existence of any obligations associated with the retirement of fixed assets. Such estimates could be significantly modified and/or the carrying values of the assets could be impaired by such factors as new technological developments, new chemical industry entrants with significant raw material or other cost advantages, uncertainties associated with the European, U.S. and world economies, the cyclical nature of the chemical and refining industries, and uncertainties associated with governmental actions, whether regulatory or, in the case of Houston refinery, with respect to its crude oil contract.

Earnings in the 2010 Successor period included a pretax charge of $28 million primarily related to impairment of the carrying value of capital additions at our Berre refinery following an analysis of its discounted cash flow projections.

Predecessor earnings for 2009 included pretax impairment charges of $17 million, primarily related to the impairment of LyondellBasell AF s emissions allowances that are subject to reallocation to other industry participants under a proposed regulation by the Texas Commission on Environmental Quality. As part of its reorganization, LyondellBasell AF also recognized charges totaling $679 million, including $624 million for the write off of the carrying value and related assets of its Chocolate Bayou olefins facility near Alvin, Texas and $55 million for the write off of its ethylene glycol facility in Beaumont, Texas.

Predecessor earnings for 2008 included a $218 million pretax charge for impairment of the carrying value of the assets related to LyondellBasell AF s Berre Refinery. Also in 2008, LyondellBasell AF recognized a $7 million charge for impairment of its ethylene glycol facility in Beaumont, Texas.

For purposes of recognition and measurement of the above-noted impairments, long-lived assets were grouped with other assets and liabilities at the lowest level for which identifiable cash flows were largely independent of the cash flows of other assets and liabilities.

The estimated useful lives of long-lived assets range from 3 to 30 years. Depreciation and amortization of these assets, including amortization of deferred turnaround costs, under the straight-line method over their estimated useful lives totaled $1,123 million in 2010, including $558 million in the Successor period. Based upon the estimated fair values and re-assessed useful lives at the Emergence Date, depreciation and amortization would be approximately $850 million per year. If the useful lives of the assets were found to be shorter than originally estimated, depreciation and amortization charges would be accelerated over the revised useful life.

Table of Contents

Goodwill Goodwill of $595 million at December 31, 2010 represents the tax effect of the differences between the tax and book bases of the Company s assets and liabilities resulting from the Company s revaluation of those assets and liabilities to fair value in connection with the Company s emergence from bankruptcy and adoption of fresh-start accounting. LyondellBasell N.V. evaluates the carrying value of goodwill annually or more frequently if events or changes in circumstances indicate that the carrying amount may exceed fair value. Recoverability is determined by comparing the estimated fair value of the reporting unit to which the goodwill applies to the carrying value, including goodwill, of that reporting unit.

The recoverability of LyondellBasell N.V. s goodwill is dependent upon the future operating results associated with its reporting units, which could change significantly based upon business performance or other factors.

Long-Term Employee Benefit Costs The costs to LyondellBasell N.V. of long-term employee benefits, particularly pension and other postretirement medical and life insurance benefits, are incurred over long periods of time, and involve many uncertainties over those periods. The net periodic benefit cost attributable to current periods is based on several assumptions about such future uncertainties, and is sensitive to changes in those assumptions. It is management s responsibility, often with the assistance of independent experts, to select assumptions that in its judgment represent its best estimates of the future effects of those uncertainties. It also is management s responsibility to review those assumptions periodically to reflect changes in economic or other factors that affect those assumptions.

The current benefit service costs, as well as the existing liabilities, for pensions and other postretirement benefits are measured on a discounted present value basis. The discount rate is a current rate, related to the rate at which the liabilities could be settled. LyondellBasell N.V. s assumed discount rate is based on published average rates for high-quality (Aa rating) ten-year fixed income securities. For the purpose of measuring the benefit obligations at December 31, 2010, LyondellBasell N.V. used a discount rate of 5.25% for most U.S. plans while a rate of 5.0% was used for certain U.S. plans to reflect the different terms of the related benefit obligations. The discount rate used to measure obligations for non-U.S. plans at December 31, 2010 was 4.97%, reflecting market interest rates. The discount rates in effect at December 31, 2010 will be used to measure net periodic benefit cost during 2011.

The benefit obligation and the periodic cost of other postretirement medical benefits also are measured based on assumed rates of future increase in the per capita cost of covered health care benefits. As of December 31, 2010, the assumed rate of increase for our U.S. plans was 9.1%, decreasing to 5% in 2026 and thereafter. The assumed rate of increase for our Canadian plans, as of December 31, 2010, was 8.5%, decreasing to 5% in 2018 and thereafter. A one percentage point change in the health care cost trend rate assumption would have no significant effect on either the benefit liability or the net periodic cost, due to limits on LyondellBasell N.V. s maximum contribution level under the medical plan.

The net periodic cost of pension benefits included in expense also is affected by the expected long-term rate of return on plan assets assumption. Investment returns that are recognized currently in net income represent the expected long-term rate of return on plan assets applied to a market-related value of plan assets which, for LyondellBasell N.V., is defined as the market value of assets. The expected rate of return on plan assets is a longer term rate, and is expected to change less frequently than the current assumed discount rate, reflecting long-term market expectations, rather than current fluctuations in market conditions.

The weighted average expected long-term rate of return on U.S. and non-U.S. plan assets of 8% and 6.24%, respectively, is based on the average level of earnings that its independent pension investment advisor had advised could be expected to be earned over time. The expectation is based on an asset allocation that varies by region. The asset allocations are summarized in Note 18 to LyondellBasell N.V. s Consolidated Financial Statements for the year ended December 31, 2010. The actual returns in 2010 for U.S. and non- U.S. plan assets were 15.6% and 8.4%,

respectively.

The actual rate of return on plan assets may differ from the expected rate due to the volatility normally experienced in capital markets. Management s goal is to manage the investments over the long term to achieve optimal returns with an acceptable level of risk and volatility.

Table of Contents

Net periodic pension cost recognized each year includes the expected asset earnings, rather than the actual earnings or loss. This unrecognized amount, to the extent it exceeds 10% of the projected benefit obligation for the respective plan, is recognized as additional net periodic benefit cost over the average remaining service period of the participants in each plan.

In May 2010, LyondellBasell N.V. resumed matching contributions under its defined contribution plans (the 401(k) Employee Savings Plans). LyondellBasell AF had temporarily suspended its matching contributions under the Company s defined contribution plans beginning in March 2009 as a result of the bankruptcy.

Additional information on the key assumptions underlying these benefit costs appears in Note 18 to LyondellBasell N.V. s Consolidated Financial Statements for the year ended December 31, 2010.

Liabilities for Environmental Remediation Costs Anticipated expenditures related to investigation and remediation of contaminated sites, which include current and former plant sites and other remediation sites, are accrued when it is probable a liability has been incurred and the amount of the liability can be reasonably estimated. Only ongoing operating and monitoring costs, the timing of which can be determined with reasonable certainty, are discounted to present value. Future legal costs associated with such matters, which generally are not estimable, are not included in these liabilities.

As of December 31, 2010, LyondellBasell N.V. s accrued liability for future environmental remediation costs at current and former plant sites and other remediation sites totaled $107 million. The liabilities for individual sites range from less than $1 million to $37 million, and remediation expenditures are expected to occur over a number of years, and not to be concentrated in any single year. In the opinion of management, it is reasonably possible that losses in excess of the liabilities recorded for environmental remediation may have been incurred. However, we cannot estimate any amount or range of such possible additional losses. New information about sites, new technology or future developments such as involvement in investigations by regulatory agencies, could require LyondellBasell N.V. to reassess potential exposure related to environmental matters. See Note 21 to LyondellBasell N.V. s Consolidated Financial Statements for the year ended December 31, 2010 for further discussion of environmental remediation matters.

Accruals for Taxes Based on Income The determination of our provision for income taxes and the calculation of our tax benefits and liabilities is subject to management s estimates and judgments due to the complexity of the tax laws and regulations in the tax jurisdictions in which we operate. Uncertainties exist with respect to interpretation of these complex laws and regulations.

Deferred tax assets and liabilities are determined based on temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse.

We recognize future tax benefits to the extent that the realization of these benefits is more likely than not. Our current provision for income taxes was impacted significantly by the initial recognition of valuation allowances related to net deferred assets in certain non-U.S. jurisdictions. Further changes to these valuation allowances may impact our future provision for income taxes, which will include no tax benefit with respect to losses incurred and no tax expense with respect to income generated in these countries until the respective valuation allowance is eliminated.

For further information related to our income taxes, see Note 20 to the Consolidated Financial Statements of LyondellBasell N.V. for the year ended December 31, 2010. See Note 24 to LyondellBasell AF s Consolidated Financial Statements for the year ended December 31, 2009 for further information related to income taxes in the predecessor periods.

75

Table of Contents

Accounting and Reporting Changes

For a discussion of the potential impact of new accounting pronouncements on our consolidated financial statements, see Note 2 to LyondellBasell N.V. s Consolidated Financial Statements for the year ended December 31, 2010.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See Note 17 to LyondellBasell N.V. s Consolidated Financial Statements for the year ended December 31, 2010 for discussion of LyondellBasell N.V. s management of commodity price risk, foreign currency exposure and interest rate risk through its use of derivative instruments and hedging activities.

The Company s ability to engage in risk mitigation activities through the use of derivative transactions was limited from early 2009 to April 30, 2010 as a result of the voluntary filings in 2009 for relief under chapter 11 of the U.S. Bankruptcy Code and the associated perceived credit risk.

Commodity Price Risk

A substantial portion of our products and raw materials are commodities whose prices fluctuate as market supply and demand fundamentals change. Accordingly, product margins and the level of our profitability tend to fluctuate with changes in the business cycle. We try to protect against such instability through various business strategies. These include provisions in sales contracts allowing us to pass on higher raw material costs through timely price increases, formula price contracts to transfer or share commodity price risk, and increasing the depth and breadth of our product portfolio.

In addition, we selectively use commodity swap, option, and futures contracts with various terms to manage the volatility related to purchases of natural gas and raw materials, as well as product sales. Such contracts are generally limited to durations of one year or less. Cash-flow hedge accounting may be elected for these derivative transactions; however, in some cases, when the duration of a derivative is short, hedge accounting is not elected. When hedge accounting is not elected, the changes in fair value of these instruments will be recorded in earnings. When hedge accounting is elected, gains and losses on these instruments will be deferred in accumulated other comprehensive income (AOCI), to the extent that the hedge remains effective, until the underlying transaction is recognized in earnings. Market risks created by these derivative instruments and the mark-to-market valuations of open positions are monitored by management.

During 2010, we entered into futures contracts with respect to sales of gasoline and heating oil, and purchases of crude oil and sales of gasoline. At December 31, 2010, futures contracts for 28 million gallons of gasoline and heating oil in the notional amount of $70 million, maturing in February 2011, were outstanding.

We use value at risk (VAR), stress testing and scenario analysis for risk measurement and control purposes. VAR estimates the maximum potential loss in fair market values, given a certain move in prices over a certain period of time, using specified confidence levels. Using sensitivity analysis and hypothetical unfavorable changes in market prices ranging from 27% to 28% from those in effect at December 31, 2010, the effect would be to reduce net income by less than $1 million. The quantitative information about market risk is necessarily limited because it does not take into account the effects of the underlying operating transactions.

Foreign Exchange Risk

We manufacture and market our products in a number of countries throughout the world and, as a result, are exposed to changes in foreign currency exchange rates. Transactions are entered into, in part, in currencies other than the

applicable functional currency.

A significant portion of our reporting entities use the Euro as their functional currency. Our reporting currency is the U.S. Dollar. The translation gains or losses that result from the process of translating the Euro denominated financial statements to U.S. Dollars are deferred in AOCI until such time as those assets are realized. Changes in the value of the U.S. Dollar relative to the Euro can therefore have a significant impact

Table of Contents

on comprehensive income. We generally do not attempt to minimize or mitigate the foreign currency risks resulting from the translation of assets and liabilities of foreign operations into our reporting currency.

Some of our operations enter into transactions denominated in other than their functional currency. This results in exposure to foreign currency risk for financial instruments, including, but not limited to third party and intercompany receivables and payables, intercompany loans and third party debt. We maintain risk management control systems intended to monitor foreign currency risk attributable to outstanding foreign currency balances. The control systems involve the centralization of foreign currency exposure management, offsetting exposures and estimating the expected impacts of changes in foreign currency rates on our earnings. We enter into foreign currency forward contracts to reduce the effects of our net currency exchange exposures. Since June 30, 2010, our policy has been to maintain an approximately balanced position in foreign currencies to minimize exchange gains and losses arising from changes in exchange rates. This position is monitored weekly. A 10% fluctuation compared to the U.S. dollar in the underlying currencies would result in an additional impact to earnings of no more than $2.5 million in any reporting period.

For the 2010 Successor and Predecessor periods and the years ended December 31, 2009 and 2008, other income (loss), net, in the Consolidated Statements of Income reflected a gain of $18 million, losses of $258 million and gains of $123 million and $20 million, respectively, in net exchange rate gains and losses. The $258 million loss in the 2010 Predecessor period and the $123 million gain in 2009 were primarily the result of the revaluation of third party debt of certain of our subsidiaries due to changes in the foreign exchange rates in effect during those periods. Such debt was denominated in currencies other than the functional currencies of the subsidiaries and was refinanced upon emergence from bankruptcy. For forward contracts that economically hedge recognized monetary assets and liabilities in foreign currencies, no hedge accounting is applied. Changes in the fair value of foreign currency forward contracts are reported in the Consolidated Statements of Income and offset the currency exchange results recognized on the assets and liabilities.

Interest Rate Risk

We are exposed to interest rate risk with respect to variable rate debt. Our variable rate debt consists of our U.S. asset-based facility, which was increased from $1,750 million to $2,000 million in June 2011, and our receivable securitization facility. At June 30, 2011 and December 31, 2010, there were no outstanding borrowings under these facilities.

CONTROLS AND PROCEDURES

Material Weakness in Internal Control over Financial Reporting

The Company has identified a material weakness in its internal controls. The Company did not maintain adequate controls over the accounting for income taxes related to consideration of the nonrecurring tax effects of fresh start accounting under ASC Topic 852 Reorganizations. Specifically the preparation and presentation of the complex information supporting deferred tax accounting and related disclosures was not sufficient to allow an effective review of that information. Additionally, the analysis of the tax provision information was not sufficient to ensure deferred taxes were accurately accounted for in accordance with U.S. GAAP in the appropriate predecessor and successor periods. This control deficiency resulted in the misstatement of the deferred tax provision in the successor period for the eight months ended December 31, 2010 included in the Company s press release dated February 18, 2011 as furnished to the SEC under Item 2.02 of Form 8-K on February 18, 2011. The control deficiency also resulted in a revision of deferred tax expense and reorganization items in the predecessor period for the four months ended April 30, 2010 and of deferred tax liability and goodwill in the opening balance sheet at May 1, 2010 (not presented) included in the February 18, 2011 press release and included in our Form 10-Q for the quarter ended September 30, 2010. This control deficiency, if not corrected, could result in a material misstatement of the income tax account that

would result in a material misstatement in our annual or interim consolidated financial statements that would not be prevented or detected on a timely basis.

We conducted a detailed review of our tax basis balance sheet accounts at December 31, 2010 including a detailed analysis of the tax provision to ensure deferred taxes were accurately accounted for in the appropriate predecessor and successor periods as reported in this annual report.

Table of Contents

Plan for Remediation of Material Weakness in Internal Controls

To remediate the material weakness identified, we are implementing improvements to our internal controls over the calculation of our income tax provision and related balance sheet accounts. Specifically, we are implementing improved reporting processes to provide clarity of presentation and supporting documentation of the tax provision information including the implementation of standardization and enhanced utilization of tax reporting software to allow timely and effective review and analysis of the tax provision information.

We believe these actions will effectively remediate our internal control over financial reporting and enhance our disclosure controls and procedures.

Table of Contents

DESCRIPTION OF BUSINESS

CORPORATE STRUCTURE AND OVERVIEW

LyondellBasell Industries N.V. was incorporated under Dutch law by deed of incorporation dated October 15, 2009. The Company was formed to serve as the new parent holding company for certain subsidiaries of LyondellBasell AF. From January 2009 through April 2010, LyondellBasell AF and 93 of its subsidiaries were debtors in jointly administered bankruptcy cases in U.S. Bankruptcy Court for the Southern District of New York. As of April 30, 2010, the date of emergence from bankruptcy proceedings, LyondellBasell AF s equity interests in its indirect subsidiaries terminated and LyondellBasell Industries N.V. now owns and operates, directly and indirectly, substantially the same business as LyondellBasell AF owned and operated prior to emergence from the bankruptcy cases, including subsidiaries of LyondellBasell AF that were not involved in the bankruptcy cases.

Our Company is the successor to the combination in December 2007 of Lyondell Chemical and Basell, which created one of the world s largest private petrochemical companies with significant worldwide scale and leading product positions.

We are the world s third largest independent chemical company based on revenues and an industry leader in many of our product lines. We participate in the full petrochemical value chain, from refining to specialized end uses of petrochemical products, and we believe that our vertically integrated facilities, broad product portfolio, manufacturing flexibility, superior technology base and operational excellence allow us to extract value across the full value chain.

SEGMENTS

As of December 31, 2009, we began reporting our results of operations based on five business segments through which our operations are managed. Our reportable segments include:

Olefins and Polyolefins Americas (O&P Americas). Our O&P Americas segment produces and markets olefins, including ethylene and ethylene co-products, and polyolefins

Olefins and Polyolefins Europe, Asia, International (O&P EAI). Our O&P EAI segment produces and markets olefins, including ethylene and ethylene co-products, and polyolefins.

Intermediates and Derivatives (I&D). Our I&D segment produces and markets propylene oxide (PO) and its co-products and derivatives, acetyls, ethylene oxide and its derivatives.

Refining & Oxyfuels. Our Refining & Oxyfuels segment refines heavy, high-sulfur crude oil in the U.S. Gulf Coast, refines light and medium weight crude oil in southern France and produces oxyfuels at several of our olefin and PO units.

Technology. Our Technology segment develops and licenses polyolefin process technologies and provides associated engineering and other services. Our Technology segment also develops, manufactures and sells polyolefin catalysts. We market our process technologies and our polyolefin catalysts to external customers and use them for our own manufacturing operations.

Table of Contents

The following chart sets out our business segments key products:

O&P Americas and O&P EAI	I&D	Refining & Oxyfuels	Technology
Olefins	Propylene oxide, co-products and derivatives	Gasoline	PP process technologies
Ethylene	Propylene oxide (PO)	Ultra low sulfur diesel	*Spheripol*
Propylene	Styrene monomer (SM)	Jet fuel	*Spherizone*
Butadiene	Tertiary butyl alcohol (TBA)	Lube oils	*Metocene*
	Isobutylene	Gasoline blending components	Polyethylene process technologies
Polyolefins	Tertiary butyl hydro-peroxide (TBHP)	Methyl tertiary butyl ether (MTBE)	*Lupotech*
Polypropylene (PP)	Propylene glycol (PG)	Ethyl tertiary butyl ether (ETBE)	*Spherilene*
Polyethylene (PE)	Propylene glycol ethers (PGE)	Alkylate	*Hostalen*
High density polyethylene (HDPE)	Butanediol (BDO)	Vacuum Gas Oil (VGO)	Polyolefin catalysts
Low density polyethylene (LDPE)	Acetyls	Light crude oil	*Avant*
Linear low density polyethylene (LLDPE)	Vinyl acetate monomer (VAM)		Selected chemical technologies
Propylene-based compounds, materials and alloys (PP compounds)*	Acetic acid		
	Methanol		
Catalloy process resins	Ethylene derivatives		
Polybutene-1 (PB-1)*	Ethylene oxide (EO)		
	Ethylene glycol (EG)		
Aromatics	Ethylene Glycol Ethers		
Benzene	Flavor and fragrance chemicals**		
Toluene			
Ethylene derivatives			
Ethanol			

* O&P EAI only.

** Through December 2010, when the flavor and fragrance business was sold.

Olefins and Polyolefins Segments Generally

We are a top worldwide producer of ethylene, propylene and PE, and the world s largest producer of PP and PP compounds. We manage our olefin and polyolefin business in two reportable segments, O&P Americas and O&P EAI.

Ethylene is the most significant petrochemical in terms of worldwide production volume and is the key building block for PE and a large number of other chemicals, plastics and synthetics. The production of ethylene results in

co-products such as propylene, butadiene and aromatics, which include benzene and toluene. Ethylene and its co-products are fundamental to many segments of the economy, including the production of consumer products, packaging, housing and automotive components and other durable and nondurable goods.

Polyolefins are thermoplastics and comprise approximately two-thirds of worldwide thermoplastics demand. Since their industrial commercialization, thermoplastics have found wide-ranging applications and continue to replace traditional materials such as metal, glass, paper and wood. Our products are used in consumer, automotive and industrial applications ranging from food and beverage packaging to housewares and construction materials. PE is the most widely used thermoplastic, measured on a production capacity basis. We produce HDPE, LDPE, LLDPE and metallocene linear low density polyethylene. PP is the single largest polyolefin product produced worldwide, and we produce homopolymer, impact copolymer, random copolymer and metallocene PP.

Table of Contents

We specialize in several specialty product lines: PP compounds; *Catalloy* process resins; and PB-1, focusing on specialty polyolefins and compounds that offer a wide range of performance characteristics. Typical properties of such specialty polyolefins and compounds include impact-stiffness balance, scratch resistance, soft touch and heat scalability. End uses include automotive and industrial products and materials. PP compounds consist of specialty products produced from blends of polyolefins and additives and are sold mainly to the automotive and home appliances industries.

We are the only manufacturer of *Catalloy* process resins, which are our proprietary products. The *Catalloy* process resins business focuses on specialty polyolefins that offer a wide range of performance characteristics. *Catalloy* process resins compete with a number of other materials, such as other PP resins, flexible PVC, ethylene propylene rubber, acrylonitrile butadiene styrene (ABS), polycarbonate, metals and reinforced polyurethanes.

Sales of ethylene accounted for approximately 3% of our total revenues in 2010. Sales of PP accounted for approximately 18% of our total revenues in 2010. Sales of PE (HDPE, LDPE and LLDPE, collectively) accounted for 16% of our total revenues in 2010.

Olefins and Polyolefins Americas Segment

Overview

Our O&P Americas segment produces and markets olefins, polyolefins, aromatics, specialty products and ethylene co-products. We are the largest producer of light olefins (ethylene and propylene) and PP and the third largest producer of PE in North America. In addition, we produce significant quantities of specialty products. In 2010, our O&P Americas segment generated operating revenues of $9.2 billion (excluding inter-segment revenue).

The following table outlines:

the primary products of our O&P Americas segment;

annual processing capacity as of December 31, 2010, unless otherwise noted; and

the primary uses for those products.

Product	Annual Capacity	Primary Uses
Olefins:		
Ethylene	9.6 billion pounds	Ethylene is used as a raw material to manufacture polyethylene, EO, ethanol, ethylene dichloride, styrene and VAM
Propylene	5.5 billion pounds(1)	Propylene is used to produce PP, acrylonitrile and PO
Butadiene	1.1 billion pounds	Butadiene is used to manufacture styrene-butadiene rubber and polybutadiene rubber, which are used in the manufacture of tires, hoses, gaskets and other rubber products. Butadiene is also used in the production of paints, adhesives, nylon clothing, carpets, paper coatings and

		engineered plastics
Aromatics:		
Benzene	195 million gallons	Benzene is used to produce styrene, phenol and cyclohexane. These products are used in the production of nylon, plastics, synthetic rubber and polystyrene. Polystyrene is used in insulation, packaging and drink cups

Table of Contents

Product	Annual Capacity	Primary Uses
Toluene	40 million gallons	Toluene is used as an octane enhancer in gasoline, as a chemical raw material for benzene and/or paraxylene production and as a core ingredient in toluene diisocyanate, a compound used in urethane production
Polyolefins:		
PP	4.4 billion pounds(2)	PP is primarily used to manufacture fibers for carpets, rugs and upholstery; housewares; medical products; automotive interior trim, fascia, running boards, battery cases, and bumpers; toys and sporting goods; fishing tackle boxes; and bottle caps and closures
HDPE	3.3 billion pounds	HDPE is used to manufacture grocery, merchandise and trash bags; food containers for items from frozen desserts to margarine; plastic caps and closures; liners for boxes of cereal and crackers; plastic drink cups and toys; dairy crates; bread trays; pails for items from paint to fresh fruits and vegetables; safety equipment, such as hard hats; house wrap for insulation; bottles for household and industrial chemicals and motor oil; milk, water, and juice bottles; large (rotomolded) tanks for storing liquids such as agricultural and lawn care chemicals; and pipe
LDPE	1.3 billion pounds	LDPE is used to manufacture food packaging films; plastic bottles for packaging food and personal care items; dry cleaning bags; ice bags; pallet shrink wrap; heavy-duty bags for mulch and potting soil; boil-in-bags ; coatings on flexible packaging products; and coatings on paper board such as milk cartons. Ethylene vinyl acetate is a specialized form of LDPE used in foamed sheets, bag-in-box bags, vacuum cleaner hoses, medical tubing, clear sheet protectors and flexible binders

Table of Contents

Product	Annual Capacity	Primary Uses
LLDPE	1.3 billion pounds	LLDPE is used to manufacture garbage and lawn-leaf bags; industrial can liners; housewares; lids for coffee cans and margarine tubs; dishpans, home plastic storage containers, and kitchen trash containers; large (rotomolded) toys like outdoor gym sets; drip irrigation tubing; insulating resins and compounds used to insulate copper and fiber optic wiring; shrink wrap for multi-packaging canned food, bag-in-box bags, produce bags, and pallet stretch wrap
Specialty Polyolefins:		
Catalloy process resins	600 million pounds	*Catalloy* process resins are used primarily in modifying polymer properties in film applications and molded products; for specialty films, geomembranes, and roofing materials; in bitumen modification for roofing and asphalt applications; and to manufacture automotive bumpers
Ethylene Derivatives:		
Ethanol	50 million gallons	Ethanol is used as a fuel and a fuel additive and in the production of solvents as well as household, medicinal and personal care products

(1) Includes (i) refinery-grade material from the Houston Refinery and (ii) 1 billion pounds per year of capacity from the product flex unit at the Channelview facility, which can convert ethylene and other light petrochemicals into propylene.

(2) Includes 100% of 1.31 billion pounds of capacity of our Indelpro joint venture (described below).

See Description of Properties for the locations where we produce the primary products of our O&P Americas segment. Annual processing capacity as of December 31, 2010 was calculated by estimating the average number of days in a typical year that a production unit of a plant is expected to operate, after allowing for downtime for regular maintenance, and multiplying that number by an amount equal to the unit s optimal daily output based on the design raw material mix. Because the processing capacity of a production unit is an estimated amount, actual production volumes may be more or less than the capacities set forth below. Capacities shown include 100% of the capacity of joint venture facilities.

Sales & Marketing / Customers

In 2010, no single external O&P Americas segment customer accounted for 10% or more of our total revenues.

We currently produce ethylene at five sites in the U.S. Our ethylene production in the U.S. generally is consumed internally as a raw material in the production of polymers and other derivatives, or is shipped by pipeline to customers. In North America, we are a net seller of ethylene.

We currently produce propylene at six sites in the U.S., which includes production from the Houston Refinery s fluid catalytic cracker coproduct stream. We use propylene as a raw material for production of PO, PP, and other derivatives. The propylene production within the U.S. that is not consumed internally is generally sold under multi-year contracts. In North America, we are a net seller of propylene.

Table of Contents

We have butadiene and aromatics (benzene and toluene) production capabilities at two sites in the U.S. We generally sell our butadiene under multi-year contracts. We use the benzene as a raw material for production of styrene. In the U.S., we are a net purchaser of benzene. Our Refining & Oxyfuels business uses the toluene to blend into gasoline. Of the toluene production that is not consumed internally, a majority is sold on a spot basis.

We at times purchase ethylene, propylene, benzene and butadiene for resale, when necessary, to satisfy customer demand for these products above production levels. Volumes of ethylene, propylene, benzene and butadiene purchased for resale can vary significantly from period to period. However, purchased volumes have not historically had a significant impact on profits.

In the U.S., most of the ethylene and propylene production of our Channelview, Corpus Christi and La Porte facilities is shipped via a pipeline system, which has connections to numerous U.S. Gulf Coast consumers. This pipeline system, some of which is owned and some of which is leased, extends from Corpus Christi to Mont Belvieu to Port Arthur, Texas, as well as into the Lake Charles, Louisiana area. In addition, exchange agreements with other ethylene and co-products producers allow access to customers who are not directly connected to this pipeline system. Some ethylene is shipped by rail car from Clinton, Iowa to Morris, Illinois and also to customers. A pipeline owned and operated by an unrelated party is used to transport ethylene from Morris, Illinois to Tuscola, Illinois and is used as a raw material in the production of ethanol. Some propylene is shipped by ocean going vessel. Butadiene, benzene, toluene and other products are distributed by pipeline, rail car, truck, barge or ocean going vessel.

We produce PP at three sites in North America, one of which is owned by our Mexican joint venture, and one site in South America. We manufacture PE using a variety of technologies at six sites in the U.S. Our PP and PE production is typically sold to an extensive base of established customers under annual contracts or under customary terms and conditions without formal contracts. We also sell PP into our PP compounds business, which is managed worldwide by our O&P EAI segment. We also have a facility in Ohio that produces performance polymer products, which include enhanced grades of PE. We believe that, over a business cycle, average selling prices and profit margins for specialty polymers tend to be higher than average selling prices and profit margins for higher-volume commodity PEs.

The majority of our polyolefin products sold in North America are sold through our sales organization. We have regional sales offices in various locations throughout the U.S. Polyolefins primarily are distributed in North America by rail car or truck.

Joint Venture Relationships

The following table describes our O&P Americas segment s significant manufacturing joint venture relationships.

Name	Location	Other Parties	LyondellBasell Ownership	Product	2010 Capacity (In millions of pounds)
Indelpro	Mexico	Alfa S.A.B. de C.V.	49 %	PP	1,310(1)

(1) Represents the joint venture s total capacity and not our proportional capacity.

Indelpro s output is marketed by the joint venture. Indelpro s annual capacity includes 770 million pounds produced from our *Spherizone* process technology. We receive equity distributions and revenues from technology licensing and catalyst sales from the joint venture. Further, we believe the geographic diversification provides benefits to our

Company.

We also have a limited partnership with respect to our LaPorte, Texas olefin facility. The partnership produces ethylene and propylene. Our partner s partnership interest entitles it to 500 million pounds of propylene annually. Our partnership interest entitles us to receive all remaining ethylene and propylene production, as well as other products produced.

Table of Contents

Raw Materials

Raw material cost is the largest component of the total cost for the production of ethylene and its co-products. The primary raw materials used are heavy liquids and natural gas liquids (NGLs). Heavy liquids include crude oil-based naphtha and gas oil, as well as condensate, a very light crude oil resulting from natural gas production (collectively referred to as heavy liquids). NGLs include ethane, propane and butane. The use of heavy liquid raw materials results in the production of a significant amount of co-products such as propylene, butadiene, benzene and toluene, as well as gasoline blending components, while the use of NGLs results in the production of a smaller amount of co-products.

Historically, facilities using heavy liquids as feedstock have generated higher margins than those using ethane. However, in recent years ethane has had a cost advantage for use as feedstock based on higher crude oil prices relative to NGLs. As a result, a plant s flexibility to consume a wide range of raw materials generally will provide an advantage over plants that are restricted in processing capabilities over a number of years. We have the capability to process significant quantities of either heavy liquids or NGLs. We estimate that in the U.S. we can process between 35% and 85% NGLs. Changes in the raw material feedstock will result in variances in production capacities among products. We believe our raw material flexibility in the U.S. is a key advantage in the production of ethylene and its co-products.

We source our heavy liquids requirements worldwide via a mix of contractual and spot arrangements. Spot market purchases are made in order to maintain raw material flexibility and to take advantage of raw material pricing opportunities. We purchase NGL requirements via long term and spot contractual arrangements from a variety of sources. A portion of the heavy liquids requirements for ethylene production are also obtained from our Refining & Oxyfuels segment. Heavy liquids generally are delivered by ship or barge, and NGLs are generally delivered via pipeline.

In North America, we also purchase large amounts of natural gas to be used for consumption (not as a raw material) in our business via market-based contractual arrangements with a variety of sources.

The principal raw materials used by our polyolefin business are ethylene and propylene. During 2010, our North American ethylene and propylene production exceeded the North American raw material requirements of the polyolefin business of our O&P Americas segment. However, not all raw material requirements for ethylene and propylene in this region are sourced internally. Our Mexican joint venture, Indelpro, receives the majority of its chemical grade and refinery grade propylene needs from Pemex, the state owned oil company of Mexico, under a long-term contract. We purchase ethylene and propylene on a spot and contract basis to meet our internal and external demands as needed.

The raw materials for polyolefins and *Catalloy* process resins are, in general, commodity chemicals with numerous bulk suppliers and ready availability at competitive prices.

Industry Dynamics / Competition

With respect to olefins and polyolefins, competition is based on price, product quality, product delivery, reliability of supply, product performance and customer service. Industry consolidation in North America has led to fewer, although larger, competitors. Profitability is affected not only by supply and demand for olefins and polyolefins, but also by raw material costs and price competition among producers. Price competition may intensify due to, among other things, the addition of new capacity. In general, demand is a function of worldwide economic growth, which fluctuates. It is not possible to accurately predict the changes in raw material costs, market conditions, capacity utilization and other factors that will affect industry profitability in the future.

Based on published rated production capacities, we were the second largest producer of ethylene in North America as of December 31, 2010. North American ethylene rated capacity at December 31, 2010 was approximately 72 billion pounds per year, with approximately 84% of that North American capacity located along the Gulf Coast. At December 31, 2010, our ethylene rated capacity in the U.S. was approximately 9.6 billion pounds per year, or approximately 13% of total North American ethylene production capacity.

Table of Contents

We compete in North America with other large marketers and producers for sales of ethylene and its co-products such as Dow, ExxonMobil, International Petroleum Investment Company (IPIC), Shell, INEOS, ChevronPhillips, TPC Group and others.

Based on published data regarding PP capacity, we believe that, including our proportionate share of the Indelpro joint venture, we are the largest producer of PP in North America as of December 31, 2010, with a proportionate share capacity of 3.3 billion pounds, or approximately 17% of the total North American capacity. Our largest competitors for sales of PP in North America are ExxonMobil, Total, Braskem, Formosa Plastics and INEOS.

With respect to PE, we believe that we are the third largest producer in North America as of December 31, 2010, with 5.8 billion pounds per year of capacity, or approximately 13% of North American capacity. Our largest competitors for sales of PE in North America are Dow, ExxonMobil, IPIC, Chevron Phillips, INEOS and Westlake.

Olefins and Polyolefins Europe, Asia, International Segment

Overview

Our O&P EAI segment produces and markets olefins (ethylene and ethylene co-products) and polyolefins. We are the largest producer of PP and PE in Europe and the largest worldwide producer of PP compounds. We also produce significant quantities of other specialty products such as *Catalloy* process resins and PB-1. Our O&P EAI segment manages our worldwide PP compound business (including our facilities in North and South America), our worldwide PB-1 business, and our *Catalloy* process resins produced in Europe and Asia. We have eight joint ventures located principally in regions with access to low cost feedstocks or access to growing markets. In 2010, our O&P EAI segment generated operating revenues of $12.5 billion (excluding inter-segment revenue).

We currently produce ethylene, propylene and co-products at three sites in Europe and one joint venture site in the Middle East. Butadiene is an important co-product of this production. We produce polyolefins (PP and PE) at 19 facilities in the EAI region, including 10 facilities located in Europe, four facilities located in East Asia, three facilities located in the Middle East and two facilities located in Australia. Our joint ventures own one of the facilities in Europe, four of the facilities in East Asia and three in the Middle East.

PP compounds consist of specialty products produced from blends of polyolefins and additives and are sold mainly to the automotive and white goods industries. We manufacture PP compounds at 15 facilities worldwide (a number of which are the same facilities as the polyolefin facilities described above), consisting of four facilities in Europe, five facilities in East Asia, three in North America, two in South America and one facility in Australia.

We produce *Catalloy* process resins at two sites in the EAI region, including one in The Netherlands and one in Italy. The process is proprietary technology that is not licensed to third parties, and as a result, we are the only manufacturer of *Catalloy* process resins.

We produce PB-1 at one facility in Europe. We believe that we are the largest worldwide producer of PB-1, a family of flexible, strong and durable butene-based polymers. A majority of the current PB-1 we produce is used in pipe applications and for under-floor heating and thermo sanitary systems. PB-1 is being developed to target new opportunities in applications such as easy-open packaging (seal-peel film), construction, fibers and fabrics, compounds, adhesives and coatings.

The following table outlines:

- the primary products of our O&P EAI segment;

annual processing capacity as of December 31, 2010, unless otherwise noted; and

the primary uses for those products.

Table of Contents

Product	Annual Capacity	Primary Uses
Olefins		
Ethylene	6.4 billion pounds(1)	Ethylene is used as a raw material to manufacture polyethylene, EO, ethanol, ethylene dichloride, styrene and VAM
Propylene	5.4 billion pounds(1)(2)	Propylene is used to produce PP, acrylonitrile and PO
Butadiene	550 million pounds(1)	Butadiene is used to manufacture styrene-butadiene rubber and polybutadiene rubber, which are used in the manufacture of tires, hoses, gaskets and other rubber products. Butadiene is also used in the production of paints, adhesives, nylon clothing, carpets, paper coatings and engineered plastics
Polyolefins:		
PP	12.4 billion pounds(3)(4)	PP is primarily used to manufacture fibers for carpets, rugs and upholstery; housewares; medical products; automotive interior trim, fascia, running boards, battery cases, and bumpers; toys and sporting goods; fishing tackle boxes; and bottle caps and closures
HDPE	4.4 billion pounds(4)(5)	HDPE is used to manufacture grocery, merchandise and trash bags; food containers for items from frozen desserts to margarine; plastic caps and closures; liners for boxes of cereal and crackers; plastic drink cups and toys; dairy crates; bread trays; pails for items from paint to fresh fruits and vegetables; safety equipment, such as hard hats; house wrap for insulation; bottles for household and industrial chemicals and motor oil; milk, water, and juice bottles; large (rotomolded) tanks for storing liquids such as agricultural and lawn care chemicals; and pipe
LDPE	2.8 billion pounds(4)(6)	LDPE is used to manufacture food packaging films; plastic bottles for packaging food and personal care items; dry cleaning bags; ice bags; pallet shrink wrap; heavy-duty bags for mulch and potting soil; boil-in-bag bags; coatings on flexible packaging products; and coatings on paper board such as milk cartons. Ethylene vinyl acetate is a

	specialized form of LDPE used in foamed sheets, bag-in-box bags, vacuum cleaner hoses, medical tubing, clear sheet protectors and flexible binders

Table of Contents

Product	Annual Capacity	Primary Uses
Specialty Polyolefins:		
PP compounds	2.4 billion pounds(7)	PP compounds are used to manufacture automotive interior and exterior trims, dashboards, bumpers and under-hood applications; base material for products and parts used in appliances; anti-corrosion coatings for steel piping, wire and cable
Catalloy process resins	600 million pounds	*Catalloy* process resins are used primarily in modifying polymer properties in film applications and molded products; for specialty films, geomembranes, and roofing materials; in bitumen modification for roofing and asphalt applications; and to manufacture automotive bumpers
PB-1 resins	110 million pounds	PB-1 resins are used in flexible pipes, resins for seal-peel film, film modification, hot melt and polyolefin modification applications, consumer packaging and adhesives

(1) Includes 100% of olefin capacity of SEPC (described below) of which we own 25%, which includes 2.2 billion pounds of ethylene and 630 million pounds of propylene.

(2) Includes (i) refinery-grade material from our French refinery; (ii) 100% of the 1.015 billion pounds of capacity of the propane dehydrogenation (PDH) plant owned by SPC (described below) of which we own 25%; and (iii) 1.015 billion pounds of capacity from the Al-Waha joint venture (described below), of which we currently own 21%. Excludes 660 million pounds of capacity of HMC (described below) that came on line in late 2010.

(3) Includes: (i) 100% of the 1.59 billion pounds of capacity at SPC; (ii) 100% of the 800 million pounds of capacity of SunAllomer (described below) of which we own 50%; (iii) 100% of the 880 million pounds of capacity of BOP (described below) of which we own 50%; (iv) 100% of the 990 million pounds of capacity of HMC (described below) of which we own 29%, but does not include 600 million pounds of expansion capacity that came on line in late 2010; (v) 100% of the 1.545 billion pounds of capacity of PolyMirae (described below) of which we own 42%; and (vi) 100% of the 990 million pounds of capacity at Al Waha. Excludes all capacity at our Terni, Italy location, where production ceased in July 2010.

(4) Includes 100% of 880 million pounds of LDPE capacity and 880 million pounds of HDPE capacity from SEPC.

(5) Includes 100% of the 705 million pounds of capacity of BOP. Also includes 705 million pounds of capacity at a site in Münchsmünster, Germany that was rebuilt following a fire in 2005 and started up in August 2010

(6) Includes 100% of the 240 million pounds of capacity of BOP.

(7) Includes 100% of the 165 million pounds of capacity of PolyPacific Pty (described below) of which we own 50% and 110 million pounds of capacity of SunAllomer.

See Description of Properties for the locations where we produce the primary products of our O&P EAI segment. Annual processing capacity as of December 31, 2010 was calculated by estimating the average number of days in a typical year that a production unit of a plant is expected to operate, after allowing for downtime for regular maintenance, and multiplying that number by an amount equal to the unit s optimal daily output based on the design raw material mix. Because the processing capacity of a production unit is an

estimated amount, actual production volumes may be more or less than the capacities set forth below. Capacities shown include 100% of the capacity of joint venture facilities.

Sales & Marketing / Customers

In 2010, no single external O&P EAI segment customer accounted for 10% or more of our total revenues.

We currently produce ethylene at one site in France, two sites in Germany, and one joint venture site in the Middle East. Our ethylene production is generally consumed internally as a raw material in the production of polymers. In Western Europe, we are essentially balanced in our ethylene supply and demand.

We currently produce propylene at two sites in France, two sites in Germany and the three joint venture sites in the Middle East. We use propylene as a raw material for production of PO and PP. In Europe, we are a net purchaser of propylene.

We currently produce butadiene at one site in France and one site in Germany. We generally sell our butadiene under multi-year contracts.

We at times purchase ethylene, propylene, benzene and butadiene for resale, when necessary, to satisfy customer demand for these products above production levels. Volumes of ethylene, propylene, benzene and butadiene purchased for resale can vary significantly from period to period. However, purchased volumes have not historically had a significant impact on profits.

European ethylene and propylene production is generally either fully integrated with, or is transported via pipeline to, our PE and PP facilities in Europe.

We produce PP at nine sites in Europe, four sites in East Asia, two sites in Australia and two sites in the Middle East. All of the sites in East Asia and the Middle East and one of the sites in Europe (Poland) are owned by joint ventures.

We manufacture PE at five sites in Europe, including one joint venture facility in Poland, and one joint venture site in the Middle East.

With respect to PP and PE, our production is typically sold to an extensive base of established customers under annual contracts or under customary terms and conditions without formal contracts. We believe that, over a business cycle, average selling prices and profit margins for specialty polymers tend to be higher than average selling prices and profit margins for higher-volume commodity PPs.

For the O&P EAI segment, we typically have marketing arrangements with our joint venture partners to sell and market PP and PE outside the country where such a joint venture facility is located.

Polyolefins primarily are distributed in Europe by rail car or truck.

We and our joint ventures manufacture PP compounds at five sites in East Asia (two of which are owned by joint ventures), four sites in Europe, three sites in North America, two sites in South America and one joint venture site in Australia. We manufacture *Catalloy* process resins at one facility in Italy and one facility in The Netherlands. We also manufacture PB-1 at the facility in The Netherlands.

Our regional sales offices are located in various locations, including The Netherlands; Hong Kong, China; India; and United Arab Emirates. We also operate through a worldwide network of local sales and representative offices in

Europe, Asia and Africa. Our joint ventures typically manage their domestic sales and marketing efforts independently, and we typically operate as their agent/distributor for exports.

Table of Contents

Joint Venture Relationships

The following table describes our O&P EAI segment s significant manufacturing joint venture relationships.

Name	Location	Other Parties	LyondellBasell Ownership	Product	2010 Capacity(1) (In millions of pounds)
SPC	Al-Jubail Industrial City, Saudi Arabia	Tasnee	25%	PP	1,590
				Propylene	1,015
SEPC	Al-Jubail Industrial City, Saudi Arabia	Tasnee, Sahara Petrochemical Company	25%	Ethylene	2,200
				Propylene	630
				HDPE	880
				LDPE	880
Al-Waha	Al-Jubail Industrial City, Saudi Arabia	Sahara Petrochemical Company and others	21%(2)	PP	990
				Propylene	1,015
HMC	Thailand	PTT and others	29%	PP	990
Basell Orlen Polyolefins	Poland	Orlen	50%	PP	880
				HDPE	705
				LDPE	240
PolyPacific	Australia, Malaysia	Mirlex Pty.	50%	PP Compounding	165
SunAllomer	Japan	Showa Denko, Nippon Oil	50%	PP	940
				PP Compounding	110
Polymirae	South Korea	Dailem, SunAllomer	42%(3)	PP	1,540

(1) Represents the joint venture s total capacity and not our proportional capacity.

(2) Reflects our current ownership percentage. Assuming the joint venture pays dividends over time, we anticipate our ownership will increase to a maximum of 25%.

(3) Reflects our 35% direct ownership and 7% indirect ownership through SunAllomer.

These joint ventures provide us with additional income streams from cash dividends, licensing revenues, catalyst sales and marketing fees from selling joint venture products, as well as geographical diversification and access to local market skills and expertise. We generally license our polyolefin process technologies and supply catalysts to our joint ventures. Some of our joint ventures source cost advantaged raw materials from their local shareholders.

We market approximately 70% of the PP produced annually by SPC and are currently the exclusive marketer for the PP produced by Al-Waha that is sold outside of Saudi Arabia. We also market all of BOP s PP, HPDE and LDPE sales outside of Poland. Our PolyPacific Pty. Joint venture markets all of its PP compounds production, and we market a portion of the PP produced by SunAllomer.

Raw Materials

Raw material cost is the largest component of the total cost for the production of ethylene and its co-products. The primary raw materials used in our European olefin facilities are heavy liquids and, for our Saudi joint venture facilities, NGLs, including include ethane, propane and butane. The principal raw materials used by our polyolefin and *Catalloy* process resins businesses are propylene and ethylene. In Western Europe, we have the capacity to produce approximately 50% of the propylene requirements of our European PP business and nearly 90% of the ethylene requirements of our European PE business. European propylene and ethylene requirements that are not produced internally generally are purchased pursuant to long-term contracts with third-party suppliers and are delivered via pipeline. Prices under these third-party contracts are market related and are negotiated monthly, and are generally based on published market indicators, normally with discounts.

In our wholly owned operations in Australia, greater than 90% of our propylene normally comes from third-party refinery grade propylene purchased under long-term contracts linked to Saudi or Singapore fuel markers and is processed at our integrated splitters located on each manufacturing site. Some of our EAI joint

ventures receive propylene from their local shareholders under long-term contracts. The remaining supply for the joint ventures is purchased from local suppliers under long-term contracts and some spot purchases. Our Saudi joint ventures, Al-Waha, SEPC and SPC, produce their own olefins utilizing cost advantaged Saudi Arabian propane and ethane.

The raw materials for polyolefins are, in general, commodity chemicals with numerous bulk suppliers and ready availability at competitive prices.

A significant portion of the raw materials for our PP compounds are PP and other polymers (primarily *Catalloy* process resins). Our PP compounding facilities generally receive their PP and other polymers from one of our wholly owned or joint venture facilities via truck or rail car. In addition, there are four sites (two in Europe, one in North America and one in South America) that have both PP and PP compounding operations co-located, thereby minimizing product handling. PB-1 raw materials are sourced solely from external supply.

Industry Dynamics / Competition

Our ethylene rated capacity in Western Europe at December 31, 2010 was approximately 4.2 billion pounds per year, or approximately 8% of the 53 billion pounds per year of total Western Europe ethylene production capacity. Based on these published rated production capacities, we are the seventh largest producer of ethylene in Western Europe. In Western Europe, key ethylene competitors include INEOS, Dow, Polimeri Europa, Total, SABIC, Shell, BASF and ExxonMobil.

Based on published data regarding PP capacity, we believe that we are the largest producer of PP in Western Europe as of December 31, 2010, with 5.7 billion pounds per year of capacity, or approximately 25% of the Western European capacity for PP. Our largest competitors for sales of PP are Polimeri Europa, Total, SABIC, INEOS and Dow.

Based on published data regarding PE capacity, we believe that we are the largest producer of PE in Western Europe as of December 31, 2010, with 5.5 billion pounds per year of capacity, or approximately 16% of HDPE and LDPE Western European capacity. Our largest competitors for sales of PE are ExxonMobil, Dow, INEOS, SABIC, Total, Polimeri Europe, and Repsol.

We believe we are the largest PP compounds producer in the world with 2.3 billion pounds (which includes our proportionate share of joint ventures) of installed annual capacity as of December 31, 2010. Approximately 54% of our PP compounding capacity is in Europe, 20% is in North America, and 26% is in the rest of the world (including the capacity of our joint ventures). Our competitors for sales of PP compounds are Borealis, ExxonMobil, King Fa, Mitsubishi, Mitsui , SABIC, Sumitomo Chemical Co., Ltd., Washington Penn and many other independent companies.

Our 110 million pound PB-1 capacity competes with polybutene producers, of which Mitsui is the largest, and other polymers, plastomers and elastomers.

Intermediates and Derivatives Segment

Overview

Our I&D segment produces and markets PO and its co-products and derivatives; acetyls; and ethylene oxide and its derivatives. PO co-products include SM and C_4 chemicals (TBA, oxyfuels (which is managed in the Refining & Oxyfuels segment), isobutylene and TBHP). PO derivatives include PG, PGE and BDO. We believe that our

proprietary PO and acetyls production process technologies provide us with a cost advantaged position for these products and their derivatives. In 2010, our I&D segment generated $5.5 billion of revenues (excluding inter-segment revenue).

We produce PO through two distinct technologies based on indirect oxidation processes that yield co-products. One process yields TBA as the co-product; the other process yields SM as the co-product. The two technologies are mutually exclusive, necessitating that a manufacturing facility be dedicated either to PO/TBA or to PO/SM. Isobutylene and TBHP are derivatives of TBA. MTBE and ETBE are derivatives of isobutylene and are gasoline blending components reported in our Refining & Oxyfuels segment. PG, PGE and BDO are

Table of Contents

derivatives of PO. PG collectively refers to mono-propylene glycol (MPG), which is PG meeting U.S. pharmacopeia standards, and several grades of dipropylene glycol (DPG) and tri-propylene glycol (TPG).

The following table outlines:

the primary products of our I&D segment;

annual processing capacity as of December 31, 2010, unless otherwise noted; and

the primary uses for those products.

Product	Annual Capacity	Primary Uses
Propylene Oxide (PO)	5.2 billion pounds(1)	PO is a key component of polyols, PG, PGE and BDO
PO Co-Products:		
Styrene Monomer (SM)	6.4 billion pounds(2)	SM is used to produce plastics, such as expandable polystyrene for packaging, foam cups and containers, insulation products and durables and engineering resins
TBA Derivative Isobutylene	1.4 billion pounds(3)	Isobutylene is a derivative of TBA used in the manufacture of synthetic rubber as well as fuel and lubricant additives, such as MTBE and ETBE
PO Derivatives:		
Propylene Glycol (PG)	1.2 billion pounds(4)	PG is used to produce unsaturated polyester resins for bathroom fixtures and boat hulls; antifreeze, coolants and aircraft deicers; and cosmetics and cleaners
Propylene Glycol Ethers (PGE)	545 million pounds(5)	PGE are used as solvents for paints, coatings, cleaners and a variety of electronics applications
Butanediol (BDO)	395 million pounds	BDO is used in the manufacture of engineering resins, films, personal care products, pharmaceuticals, coatings, solvents and adhesives
Acetyls:		
Methanol	190 million gallons(6)	Methanol is a raw material used to produce acetic acid, MTBE, formaldehyde and several other products
Acetic Acid	1.2 billion pounds	Acetic acid is a raw material used to produce VAM, terephthalic acid (used to produce polyester for textiles and plastic bottles), industrial solvents and a variety of other chemicals
Vinyl Acetate Monomer (VAM)	700 million pounds	VAM is used to produce a variety of polymers, products used in adhesives, water-based paint, textile coatings and paper coatings
Ethylene Derivatives:		
Ethylene Oxide (EO)	800 million pounds EO equivalents; 400	EO is used to produce surfactants, industrial cleaners, cosmetics, emulsifiers, paint, heat transfer fluids and ethylene glycol

	million pounds as pure EO	
Ethylene Glycol (EG)	700 million pounds	EG is used to produce polyester fibers and film, polyethylene terephthalate resin, heat transfer fluids and automobile antifreeze
Ethylene Glycol Ethers	225 million pounds	Ethylene glycol ethers are used to produce paint and coatings, polishes, solvents and chemical intermediates
Other:		
Flavor and Fragrance Chemicals(7)		Flavor and fragrance chemicals include terpene-based fragrance ingredients and flavor ingredients, primarily for the oral care markets, and also include products used in applications such as chemical reaction agents, or initiators, for the rubber industry and solvents and cleaners, such as pine oil, for the hard surface cleaner markets

(1) Includes (i) 100% of the 385 million pounds of capacity of Nihon Oxirane (described below) of which we own 40%; (ii) 1.5 billion pounds of capacity that represents Bayer Corporation s (Bayer) share of PO production from the Channelview PO/SM I plant and the Bayport, Texas PO/TBA plants under the U.S.

PO Joint Venture (described below); (iii) 100% of the 690 million pounds of capacity of the Maasvlakte PO/SM plant owned by the European PO Joint Venture, as to which Bayer has the right to 50% of the production; and (iv) 100% of the 600 million pounds of capacity of Ningbo ZRCC (described below) of which we own 27%.

(2) Includes (i) approximately 700 million pounds of SM production from the Channelview PO/SM II plant that is committed to unrelated equity investors under processing agreements; (ii) 100% of the 830 million pounds of capacity of Nihon Oxirane; (iii) 100% of the 1.5 billion pounds of capacity of the Maasvlakte PO/SM plant; and (iv) 1.3 billion pounds of capacity from Ningbo ZRCC.

(3) Represents total high-purity isobutylene capacity and purified isobutylene capacity.

(4) PG capacity includes 100% of the approximately 220 million pounds of capacity of Nihon Oxirane. The capacity stated is MPG capacity. Smaller quantities of DPG and TPG are co-produced with MPG.

(5) Includes 100% of the 110 million pounds associated with a tolling arrangement with Shiny Chemical Co., Ltd. (Shiny).

(6) Represents 100% of the methanol capacity at the La Porte, Texas facility, which is owned by La Porte Methanol Company, a partnership owned 85% by us.

(7) The Flavor and Fragrance chemicals business was sold in December 2010.

See Description of Properties for the locations where we produce the primary products of our I&D segment. Annual processing capacity as of December 31, 2010 was calculated by estimating the average number of days in a typical year that a production unit of a plant is expected to operate, after allowing for downtime for regular maintenance, and multiplying that number by an amount equal to the unit s optimal daily output based on the design raw material mix. Because the processing capacity of a production unit is an estimated amount, actual production volumes may be more or less than the capacities set forth below. Except as indicated, capacities shown include 100% of the capacity of joint venture facilities.

Sales & Marketing / Customers

In 2010, no single I&D segment customer accounted for 10% or more of our total revenues.

We estimate, based in part on published data, that worldwide demand for PO was approximately 15.1 billion pounds in 2010. More than 75% of that volume was consumed in the manufacture of three families of PO derivative products: polyols, glycols and glycol ethers. The remainder was consumed in the manufacture of performance products, including BDO and its derivatives.

We produce and deliver our PO and PO co-products through sales agreements, processing agreements and spot sales as well as product exchanges. We have a number of multi-year processing (or tolling) and sales agreements. In addition, Bayer s ownership interest in the U.S. PO Joint Venture, which operates four of the U.S. operating units, represents ownership of an in-kind portion of the PO production. Bayer also has the right to 50% of the production of one of the facilities in The Netherlands. Our PO derivatives are sold through market-based sales contracts and spot sales. PO sold in the merchant market accounted for less than 10% of our total revenues in 2010.

Production levels at the PO/SM and PO/TBA co-product facilities are primarily determined by the demand for PO and PO derivatives. As a result, production levels of SM and TBA and its derivatives, isobutylene, TBHP, MTBE, and ETBE is based primarily on the demand for PO and PO derivatives and secondarily on the relative market demand for

the co-products and the operational flexibility of our facilities in meeting this demand. MTBE and ETBE our reported in our Refining & Oxyfuels segment.

Based on published data, worldwide demand for SM in 2010 is estimated to have been approximately 56 billion pounds. SM accounted for less than 10% of our total revenues in 2010. We sell most of our SM production into the North American and European merchant markets and to Asian and South American export markets through long-term sales contracts and processing agreements.

Table of Contents

We purchase SM for resale, when necessary, to satisfy customer demand above production levels. Volumes of SM purchases made for resale can vary significantly from period to period. However, purchased volumes have not historically had a significant impact on profits.

Our I&D segment converts most of its TBA, which is produced as a co-product to the PO process, to isobutylene and sells some of the TBA into the market. Over half of the isobutylene from the I&D segment is reacted with methanol or ethanol to produce MTBE and ETBE, which is marketed by the Refining & Oxyfuels segment. The remaining isobutylene is sold as high purity and purity grade isobutylene by the I&D segment. Isobutylene sales accounted for less than 10% of our total revenues in 2010.

Sales of our PO, its co-products, and its derivatives are made by us, Nihon Oxirane (a joint venture of which we own 40%) and their affiliates directly, and through distributors and independent agents located in the Americas, Europe, the Middle East, Africa and the Asia Pacific region. We have centralized certain sales and order fulfillment functions in regional customer service centers located in Houston, Texas; Rotterdam, The Netherlands; and Hong Kong, China. PO, PG and SM are transported by barge, ocean going vessel, pipeline, rail car and tank truck. BDO is primarily transported by tank truck and rail car.

Acetic acid and VAM are manufactured at a facility in La Porte, Texas, and are consumed internally, sold worldwide generally under multi-year contracts and sold on a spot basis. Acetic acid and VAM are shipped by barge, ocean going vessel, pipeline, rail car and tank truck. We have bulk storage arrangements in Europe and South America to serve our customers requirements in those regions. Sales are made through a direct sales force, agents and distributors. Sales of acetyls, including acetic acid and VAM, collectively accounted for less than 10% of our total revenues in 2010.

We estimate, based on published data, that worldwide demand in 2010 for acetic acid and VAM was 23.3 billion pounds and 11.4 billion pounds, respectively.

Methanol is produced at a La Porte, Texas facility owned by La Porte Methanol Company, our 85% owned joint venture with Linde. Each party to the joint venture receives its respective share of the methanol production. Our acetyls business uses the methanol as a raw material for acetic acid and also sells the methanol under annual contracts and on a spot basis to large U.S. customers. The product is shipped by barge and pipeline.

Ethylene oxide (EO) or EO equivalents, and EO s primary derivative, ethylene glycol (EG), are produced at a wholly owned facility located in Bayport, Texas. The Bayport facility also produces other derivatives of EO, principally glycol ethers.

EO and EG typically are sold under multi-year contracts, with market-based pricing. Glycol ethers and ethanolamines are sold primarily into the solvent and distributor markets at market prices. EO is shipped by rail car, and its derivatives are shipped by rail car, truck, isotank or ocean-going vessel. EO and EG sales accounted for less than 10% of our total revenues in 2010.

The vast majority of the ethylene derivative products are sold in North America and Asia, primarily through our sales organizations.

Table of Contents

Joint Venture Relationships

The following table describes our I&D segment s significant manufacturing joint venture relationships.

Name	Location	Other Parties	LyondellBasell Ownership	Product	2010 Capacity (1) (In millions of pounds)	
U.S. PO Joint Venture	Channelview, TX Bayport, TX	Bayer	(2)	Propylene Oxide	1,500	(3)
European PO Joint Venture	Rotterdam, The Netherlands	Bayer	50%	Propylene Oxide	690	
				Styrene Monomer	1,480	
PO/ SM II LP	Channelview, TX	IPIC & BASF	(2)	Styrene Monomer	700	(3)
Nihon Oxirane	Chiba, Japan	Sumitomo	40%	Propylene Oxide	385	
				Styrene Monomer	830	
				Propylene Glycol	220	
Ningbo ZRCC LCC Ltd.(4)	Ningbo, China	ZRCC	27%	Propylene Oxide	600	
				Styrene Monomer	1,300	
La Porte Methanol	La Porte, TX	Linde	85%	Methanol	190 million gallons	

(1) Unless otherwise noted, represents the joint venture s total capacity and not our proportional capacity.

(2) The parties rights in the joint ventures are based on off-takes, as opposed to ownership percentages.

(3) Amount of off-take by other parties in the joint venture.

(4) Start-up occurred in mid-2010.

Bayer s ownership interest in the U.S. PO Joint Venture represents its off-take of 1.5 billion pounds of the joint venture s PO production. We take, in-kind, the remaining PO production and all co-product (SM and TBA) production. Lyondell Chemical and Bayer have a separate joint venture, the PO Technology Joint Venture, through which Bayer was granted a non-exclusive and non-transferable right to use certain of our proprietary PO technology in the U.S. PO Joint Venture. Under the terms of operating and logistics agreements, we operate the U.S. PO Joint Venture plants and arrange and coordinate the logistics of PO delivery from the plants. We do not share marketing or product sales with Bayer under the U.S. PO Joint Venture.

Lyondell Chemical and Bayer also have a 50/50 joint venture, the European PO Joint Venture, for the ownership of the Maasvlakte PO/SM plant near Rotterdam, The Netherlands. Each party takes in-kind 50% of the PO and SM production of the European PO Joint Venture.

Lyondell Chemical s PO/SM II plant at the Channelview, Texas complex was created through a joint venture among Lyondell Chemical, BASF and IPIC. Lyondell Chemical retains a majority interest in the joint venture and is the operator of the plant. As of December 31, 2010, 700 million pounds of SM capacity was committed to BASF and IPIC under processing arrangements.

In addition to the Nihon Oxirane joint venture shown in the table above, we participate in marketing most of the PO capacity from a 440 million pound facility in Rabigh, Saudi Arabia owned by Sumitomo and Saudi Aramco, through NOC Asia Co. Ltd. in which we have a 40% equity interest.

We jointly market all of the PO manufactured by the Ningbo ZRCC joint venture.

We also have a multi-year processing agreement, entered into by Lyondell Chemical and Shiny, whereby we provide the raw materials used to produce PGE at Shiny s PGE plant in Tainan, Taiwan.

Raw Materials

The primary raw materials used for the production of PO and its co-products and derivatives are propylene, isobutane, mixed butane, ethylene and benzene. The market prices of these raw materials historically have been related to the price of crude oil, NGLs and natural gas, as well as market conditions for the raw materials. These raw materials are received in bulk quantities via pipeline or ocean going vessels.

Table of Contents

In the U.S., we obtain a large portion of our propylene, benzene and ethylene raw materials needed for the production of PO and its co-products and derivatives internally from our crackers. Raw materials for the non-U.S. production of PO and its co-products and derivatives primarily are obtained from unrelated parties. We consume a significant portion of our internally-produced PO in the production of PO derivatives.

We consume large volumes of mixed butane for the production of PO and its co-products and derivatives. We have invested in facilities, or entered into processing agreements with unrelated parties, to convert the widely available commodity, normal butane, to isobutane. We also are a large consumer of oxygen for our PO/TBA plants.

The cost of raw materials generally is the largest component of total production cost for PO and its co-products and derivatives. Generally, the raw material requirements for these businesses are purchased at market-based prices from numerous suppliers in the U.S. and Europe with which we have established contractual relationships, as well as in the spot market. The raw materials for these businesses are, in general, commodity chemicals with ready availability at competitive prices. Historically, raw material availability has not been an issue. However, in order to enhance reliability and competitiveness of prices and rates for supplies of raw materials, industrial gas and other utilities, we have long-term agreements and other arrangements for a substantial portion of our production requirements.

The primary raw materials required for the production of acetic acid are carbon monoxide and methanol. We purchase the carbon monoxide from Linde pursuant to a long-term contract under which pricing is based primarily on cost of production. La Porte Methanol Company, our 85%-owned joint venture, supplies all of the methanol requirements for acetyls production. Natural gas is the primary raw material required for the production of methanol.

In addition to ethylene, acetic acid is a primary raw material for the production of VAM. For the production of VAM, we obtain our entire requirements for acetic acid and ethylene from our internal production. In 2010, we used a large percentage of our acetic acid production to produce VAM.

Industry Dynamics / Competition

With respect to PO, its co-products and derivatives, competition is based on a variety of factors, including product quality and price, reliability of supply, technical support, customer service and potential substitute materials. Profitability is affected by the worldwide level of demand along with price competition, which may intensify due to, among other things, new industry capacity. It is expected that from 2011 to 2012, approximately 9% of the 2010 worldwide PO capacity will be added in China and Thailand. During the same period, average world demand is expected to grow by approximately 6%. However, demand is a function of worldwide economic growth, which fluctuates. The PO demand growth rate also could be impacted by further development of alternative bio-based PO derivatives. It is not possible to predict accurately the changes in raw material costs, market conditions and other factors that will affect industry profitability in the future.

Based on published data regarding PO capacity, we believe that, including our share of Nihon Oxirane, Ningbo ZRCC and the European PO Joint Venture, we are the second largest producer of PO worldwide, with approximately 19% of the total worldwide capacity for PO. Our major worldwide competitors for sales of PO and its derivatives are Dow and Shell.

Based on published data regarding SM capacity, we believe that we are one of the largest producers of SM worldwide, with approximately 5% of the total worldwide capacity for SM as of December 31, 2010. We compete worldwide for sales of SM with many marketers and producers, among which are BASF, Dow, INEOS, Shell and Total.

We believe that we are the fourth and sixth largest producer of acetic acid and VAM, respectively, each with approximately 4% and 5% of the total worldwide capacity as of December 31, 2010. Our primary competitors include

Celanese and BP for acetic acid and Celanese, Dow and DuPont for VAM.

Table of Contents

Refining & Oxyfuels Segment

Overview

Our Refining & Oxyfuels segment refines heavy, high-sulfur crude oil in the U.S. Gulf Coast, refines light and medium weight crude oil in southern France and produces gasoline blending components at several of our olefin and PO units. In 2010, our Refining & Oxyfuels segment generated operating revenues of $13.5 billion (excluding inter-segment revenue).

The Houston Refinery, which is located on the Houston Ship Channel in Houston, Texas, has a heavy, high-sulfur crude oil processing capacity of approximately 268,000 barrels per day on a calendar day basis (normal operating basis), or approximately 292,000 barrels per day on a stream day basis (maximum achievable over a 24 hour period). The Houston Refinery has a Nelson Complexity Index of 11.4. The Houston Refinery is a full conversion refinery designed to refine heavy, high-sulfur crude oil. This crude oil is more viscous and dense than traditional crude oil and contains higher concentrations of sulfur and heavy metals, making it more difficult to refine into gasoline and other high-value fuel products. However, this crude oil has historically been less costly to purchase than light, low-sulfur crude oil. Processing heavy, high-sulfur crude oil in significant quantities requires a refinery with extensive coking, catalytic cracking, hydrotreating and desulfurization capabilities, i.e., a complex refinery. The Houston Refinery s refined fuel products include gasoline (including blendstocks for oxygenate blending), jet fuel and ultra low sulfur diesel. The Houston Refinery s products also include heating oil, lube oils (industrial lubricants, white oils and process oils), carbon black oil, refinery-grade propylene, petrochemical raw materials, sulfur, residual fuel and petroleum coke.

The Berre Refinery is designed to run light to medium sulfur crude oil and has a current capacity of approximately 105,000 barrels per day. It produces naphtha, vacuum gas oil, liquefied petroleum gas, gasoline, aviation fuel, diesel, bitumen and heating oil. The Berre Refinery provides raw material and site integration for our operations in France and supports our polyolefin business in Europe. The Berre Refinery also provides us with access to significant logistics assets, including pipeline access, storage terminals and harbor access to the Mediterranean Sea. The Berre Refinery has a Nelson Complexity Index of 6.7.

The Refining & Oxyfuels segment also includes gasoline blending components such as MTBE, ETBE and alkylate. MTBE and ETBE are produced as co-products of the PO and olefin production process at four sites located in the United States, France and The Netherlands. In 2009, we converted one of our MTBE units at Channelview, Texas to ETBE production. We currently have three sites that can produce either MTBE or ETBE with a combined capacity to produce 59,000 barrels per day of MTBE or ETBE; the Company s total capacity for MTBE or ETBE production is 75,000 barrels per day. Alkylate is produced at one facility located in Texas.

The following table outlines:

- the primary products of our Refining & Oxyfuels segment;
- capacity as of December 31, 2010, unless otherwise noted; and
- the primary uses for those products.

See Description of Properties for the locations where we produce the primary products of our Refining & Oxyfuels segment.

97

Table of Contents

Key Products	Capacity(1)	Primary Uses
Houston Refinery:		
Gasoline and components	120,000 barrels per day	Automotive fuel
Ultra Low Sulfur Diesel	95,000 barrels per day	Diesel fuel for cars and trucks
Jet Fuel	25,000 barrels per day	Aviation fuel
Lube Oils	4,000 barrels per day	Industrial lube oils, railroad engine additives and white oils for food-grade applications
Berre Refinery:		
Diesel	42,000 barrels per day	Diesel fuel for cars and trucks
Cracker Feedstock	27,000 barrels per day	Raw material for Olefin unit
Fuel Oil	12,000 barrels per day	Heating fuel
Gasoline	8,000 barrels per day	Automotive fuel
Bitumen	7,000 barrels per day	Asphalt
Gasoline Blending Components:		
MTBE/ ETBE	75,000 barrels per day(2)	MTBE is a high octane gasoline blending component; ETBE is an alternative gasoline blending component based on agriculturally produced ethanol
Alkylate	22,000 barrels per day	Alkylate is a high octane gasoline blending component

(1) Only certain key products for the Houston Refinery and the Berre Refinery are identified. Thus, the sum of the capacities in this table will not equal either facility s total capacity.

(2) Represents total combined MTBE and ETBE capacity.

Sales & Marketing / Customers

In 2010, no single Refining & Oxyfuels segment customer accounted for 10% or more of our total revenues.

In the U.S., we market and sell gasoline (including blendstocks for oxygenate blending), jet fuel, heating oil, ultra low sulfur diesel fuel, lube oils, coke and sulfur produced at the Houston Refinery. These products are sold in large commodity markets. The Houston Refinery evaluates and determines its optimal product output mix, based on market prices and conditions. As a result, we are subject to various risks associated with selling commodity products.

Gasoline sales accounted for 9% of our total revenues in 2010. The Houston Refinery s products primarily are sold in bulk on the U.S. Gulf Coast to other refiners, marketers, distributors and wholesalers at market-related prices. Diesel fuel is produced to meet ultra low sulfur specifications for the on-road transportation market. Most of the Houston Refinery s products are sold under contracts with a term of one year or less or are sold in the spot market. The Houston Refinery s products generally are transported to customers via pipelines and terminals owned and operated by other parties. Products also are transported via rail car, barge, truck and ocean going vessel. In addition to sales of refined products produced by the Houston Refinery, we also sell refined products purchased or received on exchange from other parties. The exchange arrangements help optimize refinery supply operations and lower transportation costs. To meet market demands, we also from time to time purchase refined products manufactured by others for resale to our customers. However, purchased volumes have not historically had a significant impact on profitability.

In Europe, the Berre Refinery provides a significant portion of the raw materials requirements for our nearby steam cracker. The remaining products are sold into local markets under market-based sales agreements

or in the spot market. Key customers of the Berre Refinery include other refiners, marketers and distributors, and its products are primarily transported via pipelines and other infrastructure assets owned by us.

MTBE and ETBE are derivatives of TBA, which is a co-product of the PO produced by our I&D segment. As described, production levels of the TBA derivatives MTBE and ETBE depend primarily on the demand for PO and PO derivatives and secondarily on the relative market demand for MTBE and ETBE and the operational flexibility of our multiple production facilities in meeting this demand. Separately, MTBE and alkylate are also produced as derivatives of the ethylene co-products produced by our O&P Americas segment. When necessary, we purchase MTBE for resale to satisfy customer demand for MTBE above our production levels. Volumes of MTBE purchased for resale can vary significantly from period to period. However, purchased volumes have not historically had a significant impact on profitability.

We sell our MTBE and ETBE production under market-based sales agreements and in the spot market. We blend our alkylate into gasoline and also sell alkylate under short-term contracts and in the spot market. Sales of MTBE and ETBE together, and alkylate each accounted for less than 10% of our total revenues in 2010.

Substantially all refiners and blenders have discontinued the use of MTBE in the U.S., partly as a result of governmental initiatives to increase use of bio-ethanol in gasoline and to reduce or effectively ban the use of MTBE. However, MTBE/ETBE demand for gasoline blending remains strong within most of the remaining worldwide market. Accordingly, we market MTBE and ETBE produced in the U.S. for use outside of the U.S. Our MTBE/ETBE plants generally have the flexibility to produce either MTBE or ETBE to accommodate market needs.

Japan has opted to use ETBE as a means of meeting its carbon dioxide reduction commitments under the Kyoto Protocol, and we source a significant portion of Japan s bio-fuels needs.

Sales of our MTBE, ETBE and alkylate are made by our marketing and sales personnel, and through distributors and independent agents located in the Americas, Europe, the Middle East, Africa and the Asia Pacific region. We have centralized certain sales and order fulfillment functions in regional customer service centers located in Houston, Texas; Rotterdam, The Netherlands; and Hong Kong, China. We also have long-term contracts for distribution and logistics to supply to our customers. MTBE, ETBE and alkylate are transported by barge, ocean going vessel and tank truck.

Raw Materials

The largest source of the crude oil used as a raw material for the Houston Refinery in the past several years has been a crude supply agreement with PDVSA-Petroleo S.A., a corporation organized under the laws of the Bolivarian Republic of Venezuela, which terminates in July 2011. During 2010, less than half of our crude supply was purchased under the crude supply agreement with PdVSA.

Most of the crude oil used as a raw material for the Berre Refinery is sourced from North Africa, the Middle East, Russia and other areas generally available in the Mediterranean region.

We purchase our ethanol requirements for the production of ETBE from regional producers and importers in Europe at market-related prices. Additionally, we have entered into a supply contract with a Brazilian ethanol producer to supply a significant portion of the ethanol used for the manufacture of ETBE at our Channelview facility. For further discussion regarding the raw materials requirements for the production of MTBE, ETBE and alkylate, see Intermediates and Derivatives Raw Materials.

Industry Dynamics / Competition

The markets for fuel products tend to be volatile as well as cyclical as a result of changing global economic conditions and prices for crude oil and refined product prices. Crude oil prices are impacted by worldwide economic conditions and political events, the economics of exploration and production, refined products demand and currency fluctuations. Prices and demand for fuel products are influenced by seasonal and short-term factors such as weather and driving patterns, as well as by longer term issues such as the

economy, energy conservation and alternative fuels. Industry fuel products supply is dependent on short-term industry operating capabilities and on long-term refining capacity.

With a throughput capacity of approximately 268,000 barrels per day (on a calendar day basis), we believe that the Houston Refinery is among North America s largest full conversion refineries capable of processing significant quantities of heavy, high-sulfur crude oil.

In North America, we compete for the purchase of heavy, high-sulfur crude oil based on price and quality. Our crude oil supply contract with PDVSA Oil terminated in July 2011, which has increased the need for us to purchase crude oil competitively on the open market. We began diversifying our portfolio in 2010 and expect to continue to purchase some of our crude oil from sources other than PDVSA on market-based terms. We compete in gasoline and distillate markets as a bulk supplier of fungible products satisfying industry and government specifications. Competition is based on price and location. Our refining competitors are major integrated oil companies, refineries owned or controlled by foreign governments and independent domestic refiners. Based on published data, as of January 2011, there were 148 operable crude oil refineries in the U.S., and total U.S. refinery capacity was approximately 17.6 million barrels per day.

During 2010, the Houston Refinery processed an average of approximately 241,000 barrels per day of crude oil, representing approximately 1% of all U.S. crude processing capacity.

A crack spread is a benchmark indication of refining margins based on the processing of a specific type of crude oil into an assumed selection of refined products. The Houston Refinery generally tracks the Maya 2-1-1 crack spread, which represents the difference between the first month futures price of two barrels of Maya crude oil as set by Pemex and one barrel each of U.S. Gulf Coast 87 Octane Conventional Gasoline and U.S. Gulf Coast No. 2 Heating Oil (high-sulfur diesel). The Berre Refinery refining spreads generally track the 4-1-2-1 Ural reported benchmark spread. This spread is calculated by adding the price of one barrel of gasoline to the price of two barrels of diesel and one barrel of #6 fuel oil and subtracting the price of four barrels of Mediterranean crude oil. While these benchmark refining spreads are generally indicative of the level of profitability at both the Houston Refinery and the Berre Refinery, there are many other factors specific to each refinery that influence operating results.

We believe that we are the largest producer of MTBE/ETBE worldwide. We compete for sales of MTBE and ETBE with independent MTBE producers worldwide and independent ETBE producers mainly in Europe. The most significant MTBE competitor is Saudi Basic Industries Corp., and the most significant ETBE competitors are Repsol, Total, Neste and Braskem. MTBE and ETBE face competition from products such as ethanol and other octane components. We compete with other refiners and olefin manufacturers for sales of alkylate that we do not internally blend into gasoline.

Technology Segment

Overview

Our Technology segment develops and licenses polyolefin and other process technologies and provides associated engineering and other services. Our Technology segment further develops, manufactures and sells polyolefin catalysts. We market our process technologies and our polyolefin catalysts to external customers and also use them in our own manufacturing operations. In 2010, our Technology segment generated operating revenues of $395 million (excluding inter-segment revenue).

Our polyolefin process licenses are structured to provide a standard core technology, with individual customer needs met by adding customized modules that provide the required capabilities to produce the defined production grade slate

and plant capacity. For licenses involving proven technologies, we typically receive the majority of our license fees in cash at or before the date of customer acceptance rather than ongoing royalties. For these licenses, we generally recognize revenue upon delivery of the process design package and the related license. Each license agreement includes long-term confidentiality provisions to protect the technology. In addition to the basic license agreement, a range of services can also be provided, including project assistance; training; start-up assistance of the plant; and supply of resins from our production for pre-marketing by the licensee. We may also offer marketing and sales services. In addition, licensees

generally continue to purchase polyolefin catalysts that are consumed in the production process, generally under long-term catalyst supply agreements with us.

Process Technology Licensing

We are a leading licensor of polyolefin process technologies.

Our PP licensing portfolio includes our *Spheripol* and *Spherizone* process technologies as well as *Metocene* technology.

Our PE process licensing portfolio comprises the *Lupotech* T (high pressure tubular process for producing LDPE), the *Lupotech* A (autoclave process mainly for producing ethylene vinyl acetate (EVA) copolymers), *Hostalen* (slurry process for producing multimodal HDPE), and *Spherilene* (gas phase process for producing full-density range of LLDPE to HDPE) processes.

In addition, we license a selective portfolio of chemical process technologies in the fields of olefin recovery, olefin conversion, aromatics extraction and acetyls.

Since 2000, we have sold licenses representing approximately 25 million tons of polyolefin capacity, which represents about 40% of worldwide installed capacity. In 2010, we entered into licensing agreements representing about one million tons of polyolefin capacity. Process licenses accounted for less than 10% of our total revenues in 2010.

Our Technology segment also provides technology services to our licensees. Such services include safety reviews, training and start-up assistance, engineering services for process and product improvements and manufacturing troubleshooting.

PP Process Technology

We license several PP process technologies, including *Spheripol*, *Spherizone* and *Metocene*.

Our *Spheripol* technology produces homopolymers and random copolymers in a single stage and impact copolymers in a multi-stage process. We believe that the *Spheripol* process is the most widely used PP production process in the world.

The *Spherizone* process, our newest technology, commercialized in 2002 and introduced for licensing in 2004, is able to produce higher quality PP, novel PP-based polyolefinic resins, and a wider product grade range than existing processes at similar operating cost. The *Spherizone* process introduces a single reactor concept, in which bimodality is created within one single reactor operating at different conditions between the different zones inside the reactor. The final product is a result of an intimate mixing of the different property determining phases at a macro molecular level.

Metocene PP technology was introduced for licensing in 2006. This add-on technology for the production of specialty PP products is based on using single-site catalyst systems. *Metocene* technology can be adapted to virtually any PP process, and its versatility expands the end use product range of conventional PP. In 2009, Polymirae became the first licensee to commence commercial production of *Metocene*.

PE Processes Technology

The different families of PE (HDPE, LDPE and LLDPE) require specialized process technologies for production, which are available through our broad PE process licensing portfolio. The portfolio includes *Lupotech*, *Spherilene* and

Hostalen process technologies.

Lupotech T is a high pressure, tubular reactor process for the production of LDPE. This high pressure technology does not use a catalyst system typical for low pressure processes, but rather peroxide initiators to polymerize ethylene and optionally VAM for EVA-copolymers. By adjusting the temperature profile along the reactor and adding different peroxide mixtures, process conditions are modified to produce the desired products. The process produces the entire melt flow ratio and density range with competitive investment costs and low utilities and raw material demand.

Table of Contents

Lupotech A is a high pressure autoclave process using peroxide mixture for polymerization and is mainly utilized for specialty LDPE and for the production of EVA copolymers with high VAM content.

Spherilene is a flexible gas-phase process for the production of the entire density range of PE products from LLDPE and MDPE to HDPE. The flexibility of this technology, which is demonstrated by a broad portfolio of grades, enables licensees to effectively manage the continuously dynamic PE markets at low investments costs and very low operating costs.

Hostalen is a low-pressure slurry process technology for the production of high-performance multimodal HDPE grades. This is desirable because a different product structure can be produced in each stage of the polymerization process, yielding products that are tailored for demanding processing requirements and sophisticated end use applications such as film, blow molding and pipe applications.

Chemical Process Technologies

We also offer for licensing a selective number of chemical processes, including the group of *Trans4m* processes, Aromatics extractions, *Glacido* and *Vacido* technology.

The *Trans4m* portfolio of process technologies offers tailored solutions for C4 and higher olefin recovery and conversion. These processes include separation, purification and skeletal isomerization of the C4 and C5 olefin streams for the selective conversion of low-value, mixed olefin streams from crackers to isobutylene, isoamylenes, butadiene, isoprene, piperylene and Dicyclopentadiene (DCPD). This group of processes is complemented by Aromatics extractions technology, which enables LyondellBasell to offer a comprehensive portfolio of processes to upgrade all olefinic streams from steam crackers to higher value products.

Glacido is a process technology for manufacturing of acetic acid by carbonylation of methanol. It utilizes a Rhodium-based homogeneous catalyst system. *Vacido* is a fixed-bed tubular process for the production of high-quality VAM, from acetic acid and ethylene. It utilizes a proprietary heterogeneous catalyst system.

Superflex technology produces propylene and ethylene, and is based on a fluidized catalytic reactor. The process technology is used for cracking less refined feedstock such as coker or fluid catalytic cracking unit light gasoline as well as mixed C4 to C9 streams.

Polyolefin Catalysts

Under the *Avant* brand, we are a leading manufacturer and supplier of polyolefin catalysts. Polyolefin catalysts accounted for less than 10% of our total revenues in 2010. As a large polyolefin producer, approximately 30% of catalyst sales are inter-company. Polyolefin catalysts are packaged and shipped via road, sea or air to our customers.

We produce catalysts at two facilities in Germany, one facility in Italy and one facility in the U.S. Our polyolefin catalysts, which are consumed during the polyolefin production process and define the processing and mechanical properties of polyolefins, provide enhanced performance for our process technologies and are being developed to enhance performance when used in third-party process technologies. We also supply catalysts for producing sophisticated PEs.

Customers using polyolefin catalysts must make continual purchases, because they are consumed during the polyolefin production process. New licensees generally elect to enter into long-term catalyst supply agreements.

Sales & Marketing

In 2010, no single Technology segment customer accounted for 10% or more of our total revenues. We market our process technologies and catalysts to external customers and also use them for our own polyolefin manufacturing operations. We have a marketing and sales force dedicated to the Technology segment, including catalyst sales and customer technical support for licensees.

Table of Contents

Industry Dynamics / Competition

We believe that competition in the polyolefin process licensing industry is based on the quality and efficiency of the process technology, product performance and product application, complemented by customer service and technical support. Since the formation of Basell in 2000 through December 31, 2010, we have sold licenses representing approximately 25 million tons of capacity based on its six process technologies to polyolefin manufacturers. We estimate that approximately 40% of PP and 31% of PE worldwide licensed capacity from 2003 through 2010 use our technologies. As of December 31, 2010, we estimate that over 200 polyolefin production lines use our licensed process technologies. Our major competitors in PP technologies licensing are Dow Chemical, INEOS, Novolene Technology Holdings and Mitsui Chemicals. Our major competitors in PE technologies licensing are ChevronPhillips, INEOS, Mitsui Chemicals and Univation Technologies.

We are one of the world s largest manufacturers and suppliers of PP catalysts. We also supply catalysts for producing PEs. Our major competitors in the worldwide catalyst business are Dow Chemical, BASF, Mitsui Chemicals, Toho Catalyst and WR Grace.

Research and Development

Our research and development activities are designed to improve our existing products and discover and commercialize new materials, catalysts and processes. These activities focus on product and application development, process development, catalyst development and fundamental polyolefin focused research.

We have four research and development facilities, each with a specific focus. Our facility in Frankfurt, Germany focuses on PE and metallocene catalysts. Our facility in Ferrara, Italy focuses on PP, PB-1, PP compounds and Ziegler-Natta catalysts. Our facility in Cincinnati, Ohio focuses on polyolefin product and application development in North America. Our center in Newtown Square, Pennsylvania develops chemical catalysts and technologies.

Our financial performance and market position depend in substantial part on our ability to improve our existing products and discover and commercialize new materials, catalysts and processes. Our research and development is organized by core competence communities that manage and provide resources for projects, intellectual property and catalyst manufacturing. These include:

Catalyst systems: catalyst research to enhance our polyolefin polymer properties, catalyst and process performance, including Ziegler Natta, chromium and metallocene catalyst.

Manufacturing platforms: research to advance process development and pilot plant integration to industrialize technology with improved polymer properties.

Product and application development: working directly with customers to provide new products with enhanced properties.

Processing testing and characterization: research to increase knowledge on polymers from production to processability.

Process design and support: research to reduce production and investment costs while improving processability.

Chemicals and fuels technologies: research to develop and improve catalysts for existing chemical processes and improve process unit operations.

We have core research and development projects that focus on initiatives in line with our strategic direction. These projects are closely aligned with our businesses and customers with a goal of commercialization of identified opportunities. Core projects currently include research and development in areas such as:

PP product development with emphasis on *Spherizone* process technology.

Next generation products from existing and in-development processes, using advanced catalyst technologies including metallocenes.

Table of Contents

Enhanced catalyst and process opportunities to extend gas phase PE technology.

Enhanced catalysts and process opportunities for selected chemical technologies.

As of December 31, 2010, approximately 915 of our employees are directly engaged in research and development activities.

In addition to our research and development activities, we provide technical support to our customers. Our technical support centers are located in Bayreuth, Germany; Geelong, Australia; Lansing, Michigan; and Tarragona, Spain.

In 2010, 2009 and 2008, our research and development expenditures were $154 million, $145 million and $194 million, respectively. A portion of these expenses are related to technical support and customer service and are allocated primarily to the segments.

GENERAL

Intellectual Property

We maintain an extensive patent portfolio and continue to file new patent applications in the U.S. and other countries. As of December 31, 2010, we owned approximately 6,500 patents and patent applications worldwide. Our patents and trade secrets cover our processes, products and catalysts and are significant to our competitive position, particularly with regard to propylene oxide, intermediate chemicals, petrochemicals, polymers and our process technologies such as *Spheripol*, *Spherizone*, *Hostalen*, *Spherilene*, *Lupotech*, *Glacido*, *Vacido*, *Isomplus* and *Avant* catalysts. We own globally registered and unregistered trademarks including the LyondellBasell, Lyondell, Equistar and Houston Refining trade names. While we believe that our intellectual property provides competitive advantages, we do not regard our businesses as being materially dependent upon any single patent, trade secret or trademark. Some of our heritage production capacity operates under licenses from third parties.

We rely on patent, copyright and trade secret laws of the countries in which we operate to protect our investment in research and development, manufacturing and marketing. Our employees working on these technologies are required to enter into agreements, or are covered by other arrangements such as collective bargaining agreements, providing for confidentiality and the assignment of rights to inventions made by them while employed by us.

Environmental

Regulation

We are subject to extensive international, national, state, local and environmental laws, regulations, directives, rules and ordinances concerning, and are required to have permits and licenses regulating, emissions to the air, discharges onto land or waters and the generation, handling, storage, transportation, treatment, disposal and remediation of hazardous substances and waste materials.

Under the European Union (EU) Integrated Pollution Prevention and Control Directive (IPPC), EU Member State governments are to adopt rules and implement an environmental permitting program relating to air, water and waste for individual facilities. The EU countries are at varying stages in their respective implementation of the IPPC permit program. We do not know with certainty what future IPPC permits will require, or the future costs of compliance with the IPPC permit program. The EU also has passed legislation governing the registration, evaluation and authorization of chemicals, known as REACh, pursuant to which we are required to register chemicals and gain authorization for

the use of certain substances. As an importer of chemicals and materials from outside the EU, we are subject to additional registration obligations.

We also are subject to environmental laws that may have a significant effect on the nature and scope of cleanup of contamination at current and former operating facilities and at other sites at which hazardous substances generated by our current or former subsidiaries were disposed, the costs of transportation and storage of raw materials and finished products and the costs of the storage and disposal of wastewater. In the

U.S., the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended and also known as Superfund (CERCLA), imposes joint and several liability for the costs of remedial investigations and cleanup actions, as well as damages to natural resources, on entities that generated hazardous substances, arranged for disposal of the hazardous substances, transported to or selected the disposal sites and the past and present owners and operators of such sites. All such responsible parties (or any one of them) can be required to bear all of such costs regardless of fault, the legality of the original disposal or ownership of the disposal site. We are subject to potential liability under CERCLA as an owner or operator of facilities at which hazardous substances have been disposed or as a generator or transporter of hazardous substances disposed at other locations.

Under the EU Environmental Liability Directive, EU Member States can require the remediation of soil and groundwater contamination in certain circumstances, under the polluter pays principle. The scope of events and circumstances that could trigger remediation requirements and the level of remediation required vary from Member State to Member State.

Under the U.S. Resource Conservation and Recovery Act of 1976 (RCRA), various U.S. state and non-U.S. government regulations regulate the handling, transporting and disposal of hazardous and non-hazardous waste. Our manufacturing sites have, and may in the future, handle on-site waste disposal, subjecting us to these laws and regulations.

Capital Expenditures

In some cases, compliance with environmental, health and safety laws and regulations can only be achieved by capital expenditures. Regulatory-related capital expenditures at our facilities were $121 million, $250 million and $209 million in 2010, 2009 and 2008, respectively, and we estimate such expenditures to be approximately $243 million in 2011 and $221 million in 2012.

Our actual capital expenditures in 2010 primarily relate to projects designed to reduce and control emissions from our plant operations in both the U.S. and Europe.

Stricter environmental, safety and health laws, regulations and enforcement policies could result in increased environmental capital expenditures by us above current estimates.

Employee Relations

As of December 31, 2010, we had approximately 14,000 full-time and part-time employees. Of these, approximately 5,900 were located in North America, approximately 7,200 were located in Europe and approximately 1,000 were in other locations.

As of December 31, 2010, approximately 900 of our employees located in North America are represented by labor unions. The vast majority of our employees in Europe and South America are subject to staff council or works council coverage or collective bargaining agreements.

In addition to our own employees, we use the services of contractors in the routine conduct of our businesses.

We believe our relations with our employees are good.

Table of Contents

Description of Properties

Our principal manufacturing facilities as of December 31, 2010 are set forth below, and are identified by the principal segment or segments using the facility. The facilities are wholly owned, except as otherwise noted below.

Location	Segment	Principal Products
Americas		
Bayport (Pasadena), Texas*	I&D	Ethylene Oxide (EO), EG and other EO derivatives
Bayport (Pasadena), Texas(1)*	I&D	Propylene Oxide (PO), Propylene Glycol (PG), Propylene Glycol Ethers (PGE), Tertiary-Butyl-Alcohol (TBA) and Isobutylene
Bayport (Pasadena), Texas*	O&P Americas	PP and *Catalloy* process resins
Channelview, Texas(2)*	O&P Americas	Ethylene, Propylene, Butadiene, Benzene and Toluene
	Refining & Oxyfuels	Alkylate and MTBE
Channelview, Texas[(1)(3)]*	I&D	IPA, PO, BDO, SM and Isobutylene
	Refining & Oxyfuels	ETBE
Chocolate Bayou, Texas*	O&P Americas	PE (HDPE)
Clinton, Iowa*	O&P Americas	Ethylene and Propylene PE (LDPE and HDPE)
Corpus Christi, Texas*	O&P Americas	Ethylene, Propylene, Butadiene and Benzene
Edison, New Jersey	Technology	Polyolefin catalysts
Ensenada, Argentina	O&P Americas	PP
Ensenada, Argentina	O&P EAI	PP compounds
Fairport Harbor, Ohio	O&P Americas	Performance polymers
Houston, Texas*	Refining & Oxyfuels	Gasoline, Diesel, Jet Fuel and Lube Oils
Jackson, Tennessee	O&P EAI	PP compounds
La Porte, Texas(4)*	O&P Americas	Ethylene and Propylene PE (LDPE and LLDPE)
La Porte, Texas[(4)(5)]*	I&D	VAM, acetic acid and methanol
Lake Charles, Louisiana*	O&P Americas	PP and *Catalloy* process resins
Mansfield, Texas	O&P EAI	PP compounds
Matagorda, Texas*	O&P Americas	PE (HDPE)
Morris, Illinois*	O&P Americas	PE (LDPE and LLDPE)
Newark, New Jersey	O&P Americas	Denatured Alcohol
Pindamonhangaba, Brazil	O&P EAI	PP compounds
Tampico, Mexico(6)	O&P Americas	PP
Tampico, Mexico(6)	O&P EAI	PP compounds
Tuscola, Illinois*	O&P Americas	Ethanol and PE (powders)
Victoria, Texas*	O&P Americas	PE (HDPE)
Europe		
Aubette, France	O&P EAI	Ethylene, Propylene and Butadiene PP and PE (LDPE)
Bayreuth, Germany	O&P EAI	PP compounds

106

Table of Contents

Location	Segment	Principal Products
Berre l Etang, France	Refining & Oxyfuels	Naphtha, vacuum gas oil (VGO), liquefied petroleum gas (LPG), gasoline, diesel, jet fuel, bitumen and heating oil
Botlek, Rotterdam, The Netherlands	I&D Refining & Oxyfuels	PO, PG, PGE, TBA, Isobutylene and BDO MTBE and ETBE
Brindisi, Italy	O&P EAI	PP
Carrington, U.K.	O&P EAI	PP
Ferrara, Italy	O&P EAI	PP and *Catalloy* process resins
	Technology	Polyolefin catalysts
Fos-sur-Mer, France	I&D	PO, PG and TBA
	Refining & Oxyfuels	MTBE and ETBE
Frankfurt, Germany	O&P EAI	PE (HDPE)
	Technology	Polyolefin catalysts
Knapsack, Germany	O&P EAI	PP and PP compounds
Ludwigshafen, Germany	Technology	Polyolefin catalysts
Maasvlakte (near Rotterdam), The Netherlands(7)	I&D	PO and SM
Milton Keynes, U.K.	O&P EAI	PP compounds
Moerdijk, The Netherlands	O&P EAI	*Catalloy* process resins and PB-1
Münchsmünster, Germany (8)	O&P EAI	Ethylene, Propylene
		PE (HDPE)
Plock, Poland(9)	O&P EAI	PP and PE (HDPE and LDPE)
Tarragona, Spain(10)	O&P EAI	PP and PP compounds
Terni, Italy(11)	O&P EAI	PP
Wesseling, Germany(12)	O&P EAI	Ethylene, Propylene and Butadiene
		PP and PE (HDPE and LDPE)
Asia Pacific		
Chiba, Japan(13)	I&D	PO, PG and SM
Clyde, Australia	O&P EAI	PP
Geelong, Australia	O&P EAI	PP
Guangzhou, China(14)	O&P EAI	PP compounds
Kawasaki, Japan(15)	O&P EAI	PP
Map Ta Phut, Thailand(16)	O&P EAI	PP
Ningbo, China(17)	I&D	PO and SM
Oita, Japan(15)	O&P EAI	PP and PP compounds
Port Klang, Malaysia(18)	O&P EAI	PP compounds
Rayong, Thailand(19)	O&P EAI	PP compounds
Suzhou, China	O&P EAI	PP compounds
Victoria, Australia(18)	O&P EAI	PP compounds
Yeochan, Korea(20)	O&P EAI	PP
Middle East		
Jubail, Saudi Arabia(21)	O&P EAI	Propylene and PP
Jubail, Saudi Arabia(22)	O&P EAI	Propylene and PP
Jubail, Saudi Arabia(23)	O&P EAI	Ethylene and PE (LDPE and HDPE)

Table of Contents

* The facility, or portions of the facility, as applicable, owned by us are mortgaged as collateral for indebtedness.

The facility is located on leased land.

(1) The Bayport PO/TBA plants and the Channelview PO/SM I plant are held by the U.S. PO Joint Venture between Bayer and Lyondell Chemical. These plants are located on land leased by the U.S. PO Joint Venture.

(2) The Channelview facility has two ethylene processing units. Equistar Chemicals LP also operates a styrene maleic anhydride unit and a polybutadiene unit, which are owned by an unrelated party and are located within the Channelview facility on property leased from Equistar Chemicals, LP.

(3) Unrelated equity investors hold a minority interest in the PO/SM II plant at the Channelview facility.

(4) The La Porte facilities are on contiguous property.

(5) The La Porte I&D facility is owned by La Porte Methanol Company, a partnership owned 15% by an unrelated party.

(6) The Tampico PP facility is owned by Indelpro, a joint venture owned 51% by an unrelated party. The Tampico PP compounding plant is wholly owned by us.

(7) The Maasvlakte plant is owned by the European PO Joint Venture and is located on land leased by the European PO Joint Venture.

(8) The Münchsmünster facility was recently rebuilt following a fire in 2005.

(9) The Plock facility is owned by our BOP joint venture and is located on land owned by PKN/Orlen.

(10) The Tarragona PP facility is located on leased land; the compounds facility is located on co-owned land.

(11) We ceased production at the Terni, Italy site in July 2010.

(12) There are two steam crackers at the Wesseling, Germany site.

(13) The PO/SM plant and the PG plant are owned by our Nihon Oxirane joint venture.

(14) The Guangzhou facility commenced production in 2008.

(15) The Kawasaki and Oita plants are owned by our SunAllomer joint venture.

(16) The Map Ta Phut plant is owned by our HMC joint venture.

(17) The Ningbo facility is owned by our ZRCC joint venture.

(18) The Port Klang and Victoria plants are owned by our PolyPacific Pty. joint venture.

(19) The Rayong plant is owned by Basell Asia Pacific Thailand, which is owned 95% by us and 5% by our HMC joint venture.

(20) The Yeochan plant is owned by our PolyMirae joint venture.

(21) The Jubail PP and PDH manufacturing plant is owned by our SPC joint venture.

(22) The Jubail *Spherizone* PP and PDH manufacturing plant is owned by our Al-Waha joint venture.

(23) The Jubail integrated PE manufacturing complex is owned by our SEPC joint venture.

Other Locations and Properties

Our corporate seat is located in Rotterdam, The Netherlands. We have administrative offices in Rotterdam, The Netherlands and Houston, Texas. We maintain research facilities in Newtown Square, Pennsylvania; Lansing, Michigan; Cincinnati, Ohio; Ferrara, Italy and Frankfurt, Germany. Our Asia Pacific headquarters are located in Hong Kong. We also have technical support centers in Bayreuth, Germany; Geelong, Australia; Lansing, Michigan and Tarragona, Spain. We have various sales facilities worldwide.

Depending on location and market needs, our production facilities can receive primary raw materials by pipeline, rail car, truck, barge or ocean going vessel and can deliver finished products by pipeline, rail car, truck, barge, isotank, ocean going vessel or in drums. We charter ocean going vessels, own and charter barges, and lease isotanks and own and lease rail cars for the dedicated movement of products between plants,

Table of Contents

products to customers or terminals, or raw materials to plants, as necessary. We also have barge docking facilities and related terminal equipment for loading and unloading raw materials and products.

We use extensive pipeline systems in the United States and in Europe, some of which we own and some of which we lease, that connect to our manufacturing and storage facilities. We lease liquid and bulk storage and warehouse facilities at terminals in the Americas, Europe and the Asia Pacific region. We own storage capacity for NGLs, ethylene, propylene and other hydrocarbons within a salt dome in Mont Belvieu, Texas, and operate additional ethylene and propylene storage facilities with related brine facilities on leased property in Markham, Texas.

LEGAL PROCEEDINGS

Bankruptcy Proceedings

On January 6, 2009, certain of LyondellBasell AF S.C.A. s indirect U.S. subsidiaries, including Lyondell Chemical, and its German indirect subsidiary, Basell Germany Holdings GmbH, voluntarily filed for protection under Chapter 11 in the Bankruptcy Court. In April and May of 2009, LyondellBasell AF and certain other subsidiaries filed voluntary petitions for relief under Chapter 11 in the Bankruptcy Court. The Bankruptcy Cases were filed in response to a sudden loss of liquidity in the last quarter of 2008. The debtors operated their businesses and managed their properties as debtors in possession during the Bankruptcy Cases. In general, this means that the Debtors operated in the ordinary course without Bankruptcy Court intervention. Bankruptcy Court approval was required, however, where the debtors sought authorization to engage in certain transactions not in the ordinary course of business.

We emerged from bankruptcy on April 30, 2010. As of that date, all assets of the debtor entities vested in the reorganized debtor entities free and clear of all claims, liens, encumbrances, charges, and other interests, except as provided in the Plan of Reorganization or the confirmation order entered on April 23, 2010 (the Confirmation Order). Except as otherwise expressly provided in the Plan of Reorganization or in the Confirmation Order, on April 30, 2010, each holder of a claim or equity interest is deemed to have forever waived, released, and discharged the debtor entities and the reorganized debtor entities, to the fullest extent permitted by law, of and from any and all claims, equity interests, rights, and liabilities that arose prior to the confirmation date.

Environmental Matters

From time to time we and our joint ventures receive notices or inquiries from federal, state or local governmental entities regarding alleged violations of environmental laws and regulations pertaining to, among other things, the disposal, emission and storage of chemical and petroleum substances, including hazardous wastes. Item 103 of the SEC s Regulation S-K requires disclosure of certain environmental matters when a governmental authority is a party to the proceedings and the proceedings involve potential monetary sanctions that we reasonably believe could exceed $100,000. There are no such matters pending as of June 30, 2011.

As part of the government settlement in the chapter 11 proceedings, the U.S., on behalf of EPA, was allowed a general unsecured claim of $499,000 against Millennium Specialty Chemicals Inc. and $480,000 against Houston Refining LP. In the case of the Houston refinery, the allegations arise from a 2007 EPA Clean Air Act inspection. In the case of Millennium Specialty Chemicals Inc., EPA conducted an inspection in 2008 at the Colonels Island, Georgia facility and questions were raised concerning handling of contaminated wastewater. The allowed claims settled the penalty amounts for alleged noncompliance based upon pre-petition activities; we are not aware of any active proceedings pending with respect to any post petition monetary sanctions.

Litigation and Other Matters

Information regarding our litigation and other legal proceedings can be found on page F-26 under the Litigation and Other Matters section of Note 14, *Commitments and Contingencies*, to the Condensed Consolidated Financial Statements.

Table of Contents

DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

SUPERVISORY BOARD OF DIRECTORS

Our Supervisory Board is divided into three classes, each consisting of approximately one third of the total number of the Supervisory Board. Set forth below are descriptions of the backgrounds of our Supervisory Board directors.

Class I Directors

	Qualifications
Milton Carroll, American, 61 Class I Supervisory Director since July 2010 Member of LyondellBasell Supervisory Board since July 2010. Chairman of CenterPoint Energy, a public utility holding company, since 2002. Chairman of Instrument Products, a private oil-tool manufacturing company, since 1977. Director of Halliburton, an oilfield services company, since 2006. Chairman of Health Care Service Corporation, a health benefits company, since 1998. Director of Western Gas Holdings, the general partner of Western Gas Partners, an owner, operator and developer of midstream energy assets, since 2008. *Previously served as:* Director of Devon Energy, an oil and gas exploration and production company. Director of EGL, Inc., a global logistics and supply chain management company.	Mr. Carroll has extensive knowledge of the oil and natural gas industries, corporate management, international operations, public company governance and board practices, among other skills, which strengthen the Supervisory Board s collective qualifications, skills and experience.

Table of Contents

	Qualifications
Rudy van der Meer, Dutch, 66 Class I Supervisory Director since July 2010 Member of LyondellBasell Supervisory Board since July 2010. Chairman of Supervisory Board of Imtech N.V., an electrical engineering technical service provider, since 2005. Chairman of Supervisory Board of Energie Beheer Nederland B.V., a Dutch state owned natural gas exploration, production transportation and sale company, since 2006. Supervisory Director of James Hardie Industries, an industrial fibre cement products and systems manufacturer, since 2007. Chairman of Supervisory Board of Gazelle Holding B.V., a bicycle manufacturing company, since 2005. *Previously served as:* Supervisory Director of ING Bank Nederland N.V. and ING Verzekeringen (Insurance) Nederland, retail banking and insurance subsdiriaries, respectively, of ING Groep N.V. Supervisory Director of Hagemeyer N.V., a distribution services focusing on electrical materials, safety and other maintenance, repair and operations products. Chairman of Supervisory Board of Norit International B.V., a global water purification technology and applications company	Mr. van der Meer has extensive knowledge of global businesses, Dutch companies, and the chemicals industry, among other skills, which strengthen the Supervisory Board s collective qualifications, skills and experience.

Table of Contents

	Qualifications
Jagjeet S. Bindra, American, 63 Class I Supervisory Director since May 2011 Director of Edison International, a generator and distributor of electric power, and its subsidiary, Southern California Edison Co., an electric utility company, since 2010. Director of Larsen & Toubro, a technology, engineering, construction and manufacturing company, since 2009. Deputy Chairman of Transfield Services, a global provider of operations, maintenance and asset and project management services, since 2010. President, Chevron Global Manufacturing, Chevron Corp. s worldwide manufacturing division, from 2004 to 2009. *Previously served as:* Director of Advisory Board of Hart Energy Consulting, an energy industry publisher. Director of GS Caltex, a South Korean oil refiner. Sriya Innovations, an alternative energy firm. Reliance Petroleum Limited, a petroleum refiner and marketer. Caltex Australia Limited, an integrated oil refining and marketing company	We believe that Mr. Bindra s extensive knowledge and global experience in asset intensive industries, as well as his expertise in energy value chain and asset management, among other skills, will strengthen the Supervisory Board s collective qualifications, skills and experience.

Table of Contents

Class II Directors

	Qualifications
Robin Buchanan, British, 59 Class II Supervisory Director since May 2011 Director of Schroders plc, a global asset management company, since 2010. Director of the Centre for Corporate Governance at the London Business School since 2009. Senior Advisor to Bain & Company, a global management consulting firm since 2007. Advisor to Coller Capital Ltd., a private equity firm. Dean and then President of the London Business School, from 2007 to 2009. Managing Partner and then the Senior Partner, Bain & Company Inc. UK and South Africa between 1990 and 2007. *Previously served as:* Director of Liberty International plc, a retail property company. Director of Shire plc, a global specialty bio-pharmaceutical company.	We believe that Mr. Buchanan s extensive knowledge and experience relating to business management finance and international board service, as well as his extensive experience in advising and consulting for companies in an array of industries, including in the industrial sector, among other skills, will strengthen the Supervisory Board s collective qualifications, skills and experience.

Table of Contents

	Qualifications
Stephen F. Cooper, American, 64 Class II Supervisory Director since July 2010 Advisor at Zolfo Cooper, a leading financial advisory and interim management firm, of which he is co-founder and former chairman, since 1982. Managing Partner of Cooper Investment Partners, a private equity firm specializing in underperforming companies. *Previously served as:* Vice Chairman and Chairman of the Restructuring Committee of LyondellBasell Industries AF S.C.A., the Company s predecessor. Vice Chairman and member of the office of Chief Executive Officer of Metro-Goldwyn-Mayer, a privately held motion picture and theatrical production and distribution company. Chief Executive Officer of Hawaiian Telcom, a provider of phone, internet and wireless communication services to Hawaii. Executive Chairman of Blue Bird Corporation, a manufacturer of school and transit buses and motor coaches. Chairman of the Board of Collins & Aikman, which designed, engineered and manufactures automotive components, systems and modules. Chief Executive Officer of Krispy Kreme Doughnuts, a branded retailer and wholesaler of doughnuts and packaged sweets. Chief Executive Officer and Chief Restructuring Officer of Enron Corporation.	Mr. Cooper has more than thirty years of experience as a financial advisor and interim executive and advisor to companies facing operational and performance issues. We believe his substantial and expansive experience in various industries provides him with significant experience in all aspects of supervising management of large, complex companies.

Table of Contents

	Qualifications
Robert G. Gwin, American, 48 Class II Supervisory Director since May 2011 Senior Vice President, Finance and Chief Financial Officer of Anadarko Petroleum, an oil and gas exploration and production company, since 2009. Director of Western Gas Holdings, the general partner of Western Gas Partners, an owner, operator and developer of midstream energy assets, since 2007 and Chairman since 2009. *Previously served as:* Senior Vice President, Finance of Anadarko Petroleum from 2008 to 2009. Vice President, Finance and Treasurer of Anadarko Petroleum from 2006 to 2008. President of Western Gas Holdings, the general partner of Western Gas Partners, an owner, operator and developer of midstream energy assets, from 2007 to 2009. Chief Executive Officer of Western Gas Holdings from 2007 to 2010.	We believe that Mr. Gwin s skills and knowledge relating to the oil and gas industry, finance, public company board experience and executive management expertise, among other skills, will strengthen the Supervisory Board s collective qualifications, skills and experience.

Table of Contents

	Qualifications
Marvin O. Schlanger, American, 63 Chairman of the Board since June 2010 Class II Supervisory Director since April 2010 Principal of Cherry Hill Chemical Investments, LLC, a firm that provides management services and capital to the chemical industry, since 1998. Chairman of CEVA Group Plc, a global supply chain management company, since 2009. Director of Momentive Performance Materials Holdings, a specialty chemicals and materials company, since 2010. Director of UGI Corporation, a distributer and marketer of energy products and services, and its subsidiaries, UGI Utilities Inc. and Amerigas Propane, Inc., since 1998. Consultant to Apollo Management LLP. Previously served as: Vice Chairman of Hexion Specialty Chemicals, a specialty chemicals and materials company (acquired by Momentive Performance in 2010). Chairman and Chief Executive Officer of Resolution Performance Products, a manufacturer of specialty and intermediate chemicals and Resolution Specialty Materials LLC, which, together with Borden Chemical, formed Hexion Specialty Chemicals in 2005. Chairman of Covalence Specialty Materials Corp., which was merged into Berry Plastics in 2007. Director of Wellman, Inc., a manufacturer and marketer of PET packaging resins.	Mr. Schlanger has significant senior management experience as Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer of Arco Chemical Company, a large public chemical company, as well as experience serving as chairman, director and committee member of the boards of directors of large public and private international companies, including his experience representing a major private equity firm s shareholder interest.

Table of Contents

Class III Directors

	Qualifications
Jacques Aigrain, French-Swiss, 56 Class III Supervisory Director since May 2011 Chairman of LCH Clearnet Group, Limited, an independent clearinghouse group, since 2010. Chief Executive Officer of SwissRe, a global reinsurance company, from 2006 to 2009. Director of Swiss International Air Lines, Switzerland s national airline, since 2001. Director of Lufthansa German Airlines, the leading German airline, since 2007. Director of Resolution Ltd., a financial services company that acquires businesses in the insurance industry, since 2010. *Previously served as:* Member of Board of Trustees of ETH Foundation. Member of Industry Advisory Council of the Mayor of Shanghai. Member of Advisory Council of the Monetary Authority of Singapore. Chairman of Swiss American Chamber of Commerce. Chairman of the Geneva Association.	We believe that Mr. Aigrain s extensive operational and management expertise, as well as his experience with international companies and board service, among other skills, will strengthen the Supervisory Board s collective qualifications, skills and experience.
Joshua J. Harris, American, 46 Class III Supervisory Director since April 2010 Senior Managing Director of Apollo Global Management, LLC, a global alternative asset manager and Managing Partner of Apollo Management, L.P. which he co-founded in 1990. Director of the general partner of AP Alternative Assets, Apollo Global Management, LLC, Berry Plastics Group Inc., manufacturer of injection-molded plastic packaging, thermoformed products, flexible films and tapes and coatings, CEVA Group plc, a global logistics and transportation company and Momentive Performance Materials Holdings LLC, a producer of silicones and silicone derivatives.	Mr. Harris has significant experience in financing, analyzing, investing in and managing investments in public and private companies. Mr. Harris has substantial expertise in strategic and financial matters that inform his contributions to our Supervisory Board and enhance his oversight and direction of us. Mr. Harris service as a director of other companies in a variety of industries gives him a range of experience as a director on which he can draw in serving as our director and augments his knowledge of effective corporate governance.

Previously served as:

Director of Hexion Specialty Chemicals, Inc., a specialty chemicals and materials company (acquired by Momentive Performance in 2010).

Director of Verso Paper, a producer of coated paper and specialty paper products.

Table of Contents

	Qualifications
Director of Metals USA Holdings Corp., a provider of processed carbon steel, stainless steel, aluminum, red metals and manufactured metal components.	
Director of Nalco Company, a sustainability services company focused on industrial water, energy and air applications.	
Director of Pacer International, a freight transportation and third-party logistics services provider.	
Director of General Nutrition Centers, a specialty retailer of health and wellness products worldwide.	
Director of Furniture Brands International, Inc., a designer, manufacturer, and retailer of home furnishings.	
Director of Compass Minerals Group, Inc., a producer and marketer of inorganic mineral products.	
Director of Alliance Imaging, Inc., a provider of outpatient diagnostic imaging services.	
Director of NRT LLC, a provider residential real estate brokerage services.	
Director of Covalence Specialty Materials Corp., a manufacturer of plastic film products and producer of specialty adhesives and flexible packaging products.	
Director of United Agri Products Inc., a distributer agricultural inputs and noncrop products.	
Director of Quality Distribution, Inc., transporter of bulk chemicals in North America.	
Director of Whitmire Distribution Corporation, a pharmaceutical distributor.	
Director of Noranda Aluminum Holding Corporation, a producer of primary aluminum products and rolled aluminum coils	

Table of Contents

	Qualifications
Scott M. Kleinman, American, 38 Class III Supervisory Director since April 2010 Partner of Apollo Management, LP, a global alternative asset manager, where he has worked since 1996. Chairman of Verso Paper, a producer of coated paper and specialty paper products, since 2006. Director of Noranda Aluminum Holding, a producer of aluminum products, since 2007. Director of Realogy Corporation, a provider of residential real estate and relocation services, since 2007. Director of Momentive Performance Materials, a producer of silicones and silicone derivatives, since 2006. *Previously served as:* Director of Hexion Specialty Chemicals, a specialty chemicals and materials company (acquired by Momentive Performance in 2010).	Mr. Kleinman has significant experience in financing, analyzing, investing in and managing investments in public and private companies. Mr. Kleinman gained substantial expertise in strategic and financial matters that inform his contributions to our Supervisory Board and enhance his oversight and direction of us through his involvement in Apollo s diligence team that managed Apollo s investments in us during our reorganization proceedings, which provided him with a unique knowledge of our organization. Mr. Kleinman s service as a director of other companies in a variety of industries gives him a range of experience as a director on which he can draw in serving as our director and augments his knowledge of effective corporate governance.
Bruce A. Smith, American, 67 Class III Supervisory Director since July 2010 Chairman of Tesoro Corporation, manufacturer and marketer of petroleum products, from 1996 to 2010. President and Chief Executive Officer of Tesoro from 1995 to 2010. Director of GEVO, Inc., a renewable chemicals and advanced biofuels company, since 2010. *Previously served as:* Director of Noble Energy, an independent energy company.	Mr. Smith has extensive senior leadership experience in the refining and marketing industry, substantial management background in publicly traded companies and previous experience serving as a director and chairman of the audit and compensation committees of publicly traded companies.

Board Leadership Structure

The Company maintains a two-tier governance structure, consisting of a Management Board, responsible for the management of the Company, and a Supervisory Board, responsible for the general oversight of the Management Board. The Management Board may consist only of executive directors and the Supervisory Board of non-executive directors. Marvin O. Schlanger is the non-executive Chairman of our Supervisory Board. James L. Gallogly, our Chief Executive Officer, is the sole member of our Management Board and is not a member of the Supervisory Board. Our Articles of Association provide that to the extent there is only one member of the Management Board, such member

must be our CEO. Our two-tier board structure has the effect of separating the roles of chief executive officer and chairman of the board.

Maintaining the two-tier board structure allows our CEO to focus on managing our day-to-day business, including achieving our aims, strategy and risk profile, and results of operations. It also allows the non-executive chairman of the Supervisory Board to lead the Board in its fundamental role of supervising the

Table of Contents

policies of the Management Board and the general affairs of the Company as well as providing advice to the Management Board. The Supervisory Board recognizes the time, effort, and energy that the CEO is required to devote to his position in the current business environment, as well as the commitment required of our non-executive chairman. The Supervisory Board believes this separation of responsibilities is appropriate for LyondellBasell not only because of the size and composition of the Board, the scope and complexity of the Company s operations, and the responsibilities of the Board and management, but also as a demonstration of our commitment to good corporate governance.

Role in Risk Oversight

While the Company s management is responsible for the day-to-day management of risks to the Company, the Supervisory Board has broad oversight responsibility for the Company s risk management programs. In this oversight role, the Board is responsible for satisfying itself that the risk management processes designed and implemented by the Company s management are functioning as directed, and that necessary steps are taken to foster a culture of risk-adjusted decision-making throughout the organization. The primary means by which our Supervisory Board oversees our risk management structures and policies is through its regular communications with management. The Company believes that its leadership structure is conducive to comprehensive risk management practices, and that the Supervisory Board s involvement is appropriate to ensure effective oversight.

The Supervisory Board and its committees meet in person approximately six times a year, including one meeting that is dedicated specifically to strategic planning. At each of these meetings, our Chief Executive Officer; Chief Financial Officer; and Chief Legal Officer are asked to report to the Supervisory Board and, when appropriate, specific committees. Additionally, other members of management and employees periodically are requested to attend meetings and present information. One of the purposes of these presentations is to provide direct communication between members of the Supervisory Board and members of management; the presentations provide members of the Supervisory Board with the information necessary to understand the risk profile of the Company, including information regarding the specific risk environment, exposures affecting the Company s operations and the Company s plans to address such risks. In addition to information regarding general updates to the Company s operational and financial condition, management reports to the Supervisory Board on a number of specific issues meant to inform the Board about the Company s outlook and forecasts, and any impediments to meeting those or its pre-defined strategies generally. These direct communications between management and the Supervisory Board allow the Board to assess management s evaluation and management of the day-to-day risks of the Company.

In carrying out its oversight responsibility, the Supervisory Board has delegated to individual Board committees certain elements of its oversight function. The Audit Committee assists the Board in its involvement in the Company s risk management process by providing oversight for the integrity of the Company s financial statements; the Company s independent accountants qualifications and independence; the performance of the Company s internal audit function, independent accountant and the Company s compliance program; and the Company s system of disclosure and internal controls. The Compensation Committee undertakes risk oversight of the Company s compensation programs through its responsibility to the Board to monitor the Company s compensation structure from the point of view of not encouraging risks inconsistent with the interests of our shareholders. The Nominating & Governance Committee also participates in identifying and participating in the management of risk factors facing the Company. The Nominating & Governance Committee s participation involves the review of policies and practices in the areas of corporate governance; consideration of the overall relationship of the Supervisory Board and the Company s management; and the development, review and recommendation of governance guidelines applicable to the Company. The Health, Safety and Environmental (HSE) Committee reviews and monitors compliance with health, safety and environmental matters affecting the Company.

The Company has also initiated an enterprise risk management process, which is coordinated by the Company s Director of Risk Management. This process initially involved the identification of the Company s programs and processes related to risk management, and the individuals responsible for them. Included was a self-assessment survey completed by senior personnel requesting information regarding perceived risks to the

Table of Contents

Company, with follow-up interviews with members of senior management to review the responses. The information gathered is tailored to coordinate with the Company s strategic planning process such that the risks can be categorized in a manner that identify the specific Company strategies that may be jeopardized and plans can be developed to address the risks to those strategies.

The results of these efforts are reported to the Audit Committee of the Supervisory Board, which is responsible for the overseeing the design of the risk assessment process. Since the initiation of the enterprise risk management process, regular updates are given to the Supervisory Board on material Company risks. In addition, the Audit Committee is responsible for ensuring that an effective risk assessment process is in place, and quarterly reports are made to the Audit Committee on all financial and compliance risks in accordance with New York Stock Exchange requirements.

Independence of Supervisory Board Members

The Supervisory Board has determined that each of the following six directors is independent in accordance with the New York Stock Exchange listing standards and the Dutch Corporate Governance Code:

Jacques Aigrain
Jagjeet S. (Jeet) Bindra
Milton Carroll
Robert G. Gwin
Bruce A. Smith
Rudy van der Meer

Messrs. Buchanan, Cooper, Harris, Kleinman and Schlanger are not considered independent, as described below.

To assist in determining independence, the Supervisory Board adopted categorical standards of director independence, which meet or exceed the requirements of both the New York Stock Exchange and the Dutch Corporate Governance Code. These standards specify certain relationships that must be avoided in order for directors to be deemed independent.

The categorical standards our Supervisory Board uses in determining independence are included in our Corporate Governance Guidelines, which can be found on our website, at www.lyondellbasell.com. The Supervisory Board has determined that each of the six directors and director nominees listed above meets these categorical standards and that there are no other relationships that would affect the independence of these individuals.

The Company is party to nomination agreements with each of Access Industries and Apollo Management, pursuant to which each entity has the right to select individuals for nomination to our Supervisory Board based on certain share ownership levels. Messrs. Buchanan, Cooper, Harris, Kleinman and Schlanger were selected for nomination to our Supervisory Board based on these agreements. Each of Access and Apollo played significant roles in the bankruptcy proceedings of our predecessor, LyondellBasell AF. Access was the beneficial owner of the predecessor company until the emergence from bankruptcy proceedings. Apollo held significant amounts of the predecessor s debt and, as a result, exerted significant influence in the bankruptcy proceedings. Additionally, each of Access and Apollo were parties to an equity commitment agreement pursuant to which they provided a backstop for a significant portion of the Company s emergence financing. In connection therewith, they each demanded and received the above mentioned nomination rights as well as registration rights with respect to certain of the securities they received in the bankruptcy proceedings.

Table of Contents

The information below describes the results of the analyses conducted to determine the independence of the nominees and directors named in the table:

Access Designated Directors

Robin Buchanan	Mr. Buchanan serves as a consultant to Access. As a result, and given his designation to the Supervisory Board by Access, the Supervisory Board has determined that he is not independent.
Stephen F. Cooper	Mr. Cooper was recruited by our predecessor company to serve as Vice Chairman of its Supervisory Board and as Chairman of its Restructuring Committee given Mr. Cooper s vast experience in reorganization proceedings. The Remuneration Committee of the Company s predecessor determined to pay Mr. Cooper a fee of $9.75 million in April 2010 in addition to his regular board fees, which was approved by the bankruptcy court, for his contribution in assisting the predecessor in its bankruptcy proceedings. As a result of this payment, and in addition to his designation to the Supervisory Board by Access, given the relationships between Access and the Company described above, the Supervisory Board has determined that he is not independent.

Apollo Designated Directors

Joshua J. Harris	Mr. Harris is a founding Managing Partner of Apollo Management LLC. Given the relationships between Apollo and the Company described above, and his designation to the Supervisory Board by Apollo, the Supervisory Board has determined that he is not independent.
Scott M. Kleinman	Mr. Kleinman is a Senior Partner at Apollo. Given the relationships between Apollo and the Company described above, and his designation to the Supervisory Board by Apollo, the Supervisory Board has determined he is not independent.
Marvin O. Schlanger	Mr. Schlanger is affiliated with Apollo, and receives compensation from Apollo for certain services. Given the relationships between Apollo and the Company described above, and his designation to the Supervisory Board by Apollo, the Supervisory Board has determined that he is not independent.

Board Committees

The Supervisory Board has four standing committees to assist the Supervisory Board in the execution of its responsibilities. The committees are the Audit Committee, the Nominating & Governance Committee, the Compensation Committee and the HSE Committee. The charters of each committee states that it will be composed of a minimum of three members of the Supervisory Board.

Audit Committee

The current members of the Audit Committee are Mr. Smith (Chairman) and Messrs. Aigrain, Gwin and Kleinman.

Each of Messrs. Smith, Aigrain and Gwin satisfies the additional New York Stock Exchange independence standards for audit committees. Mr. Kleinman is not independent. However, the transitional rules of the SEC and New York Stock Exchange allow for a minority of the members of our Audit Committee to not meet independence standards until one year after listing, at which time all members must be independent. The Company believes that Mr. Kleinman s service on the Audit Committee is appropriate, given his knowledge

and experience and does not believe that his lack of independence adversely affects the ability of the Committee to act independently or satisfy any of its responsibilities. However, on or before October 14, 2011, the anniversary of our listing on the New York Stock Exchange, Mr. Kleinman will cease to serve as a member of our Audit Committee.

SEC rules require that we have at least one financial expert on our Audit Committee. Our Supervisory Board has determined that Mr. Smith is an Audit Committee expert for purposes of the SEC s rules based on a thorough review of his education and financial and public company experience.

Mr. Smith previously served as the Chief Financial Officer of Tesoro Corporation, a Fortune 100 manufacturer and marketer of petroleum products. He also served as the Chairman, President and Chief Executive Officer of Tesoro. Before joining Tesoro, Mr. Smith served in various financial positions, including Treasurer of Valero Energy Corporation, manager of a division of Continental Illinois National bank and Trust and a financial analyst at Ford Motor Company. Mr. Smith also holds a master s degree in business administration with a concentration in finance from the University of Kansas.

The Supervisory Board has also determined that each member of the Audit Committee possesses the necessary level of financial literacy required to enable them to serve effectively as Audit Committee members.

Mr. Smith serves on one public company audit committee in addition to ours and Mr. Kleinman serves on two public company audit committees in addition to ours.

Compensation Committee

The current members of the Compensation Committee are Messrs. Carroll (Chairman), Aigrain, Bindra, van der Meer and Kleinman. Each of Messrs. Carroll, Aigrain, Bindra and van der Meer is independent in accordance with the rules and regulations of the NYSE. Mr. Kleinman is not independent. However, the transitional rules of the NYSE also apply to our Compensation Committee. On or before October 14, 2011, Mr. Kleinman will cease to serve as a member of our Compensation Committee.

Nominating & Governance Committee

The current members of the Nominating & Governance Committee are Messrs. Smith (Chairman), Carroll, Gwin and Kleinman. Each of Messrs. Smith, Carroll and Gwin is independent in accordance with NYSE rules and regulations. The NYSE s transitional rules apply to the Nominating & Governance Committee. On or before October 14, 2011, Mr. Kleinman will cease to serve as a member of our Nominating & Governance Committee.

HSE Committee

The current members of the HSE Committee are Messrs. van der Meer (Chairman), Bindra and Schlanger.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee was, during fiscal year 2010, an officer or employee of the Company or any of our subsidiaries, or was formerly an officer of the Company or any of our subsidiaries, or had any relationships requiring disclosure by us under Item 407(e)(4) of Regulation S-K.

During fiscal year 2010, none of our executive officers served as (i) a member of the compensation committee (or other Board committee performing equivalent functions) of another entity, one of whose executive officers served on the Compensation Committee, (ii) a director of another entity, one of whose executive officers served on the

Compensation Committee, or (iii) a member of the compensation committee (or other Board committee performing equivalent functions) of another entity, one of whose executive officers served as a director of the Company.

Table of Contents

EXECUTIVE OFFICERS

Name and Age*	Significant Experience in Last Five Years
James L. Gallogly, 59	Chairman of the Management Board since April 30, 2010 and Chief Executive Officer since May 2009. Executive Vice President of Exploration and Production for ConocoPhillips from 2008 to 2009. Executive Vice President of Refining, Marketing and Transportation for ConocoPhillips from 2006 to 2008. President and Chief Executive Officer of Chevron Phillips Chemical Company LLC from 2000 to 2006.
Craig B. Glidden, 53	Executive Vice President and Chief Legal Officer since August 2009. Senior Vice President, Legal and Public Affairs, General Counsel and Corporate Secretary of Chevron Phillips Chemical Company from 2004 to 2009.
C. Kent Potter, 65	Executive Vice President and Chief Financial Officer since August 2009. Director of LyondellBasell AF S.C.A., the Company s predecessor, from 2007 to 2009. Director of Basell AF S.C.A. from 2005 to 2007. Chief Financial Officer of TNK-BP from 2003 to 2005.
Kevin W. Brown, 53	Senior Vice President, Refining & Oxyfuels since October 2009. Director of Sinclair Oil from 2006 to 2009. Executive Vice President , Operations of Sinclair Oil from 2004 to 2009.
Massimo Covezzi, 53	Senior Vice President, Research and Development since 2008. Head of Research and Development from 2005 to 2008.
Bhavesh V. (Bob) Patel, 44	Senior Vice President, Olefins and Polyolefins EAI since November 2010, with additional responsibility for the Company s Technology business since that time. Senior Vice President, Olefins and Polyolefins Americas from March 2010 November 2010. General Manager, Olefins and NGLs of Chevron Phillips Chemical Company from 2009 to 2010. General Manager, Asia Pacific Region Singapore of Chevron Phillips Chemical Company from 2008 to 2009. Business Manager, Olefins of Chevron Phillips Chemical Company from 2005 to 2008.
Patrick D. Quarles, 44	

	Senior Vice President, Intermediates & Derivatives since January 2010. Divisional Vice President of Performance Chemicals from 2004 to 2009.
Timothy D. Roberts, 50	
	Senior Vice President, Olefins and Polyolefins Americas since June 2011. Vice President of Corporate Planning and Development at Chevron Phillips Chemical Company from February 2011 to June 2011. Chief Executive Officer and President of Americas Styrenics LLC from 2008 to 2011. General Manager Styrenics of Chevron Phillips Chemical Company from 2006 to 2008.

Table of Contents

Name and Age*	Significant Experience in Last Five Years
Paramijit Singh, 50	Senior Vice President, Manufacturing EAI since January 2009. Senior Vice President, Technology Services from 2005 to 2008.
Karen M. Swindler, 45	Senior Vice President, Manufacturing Americas since November 2009. Director of Performance Improvement from July 2009 to November 2009. Divisional Vice President of North America Polymers Manufacturing from 2008 to 2009. Between 2003 and 2007, Ms. Swindler served as Vice President of Health, Safety and Environmental and Divisional Vice President of Manufacturing Northern Region.
Sergey Vasnetsov, 48	Senior Vice President, Strategic Planning & Transactions since August 2010. Managing Director of Equity Research at Barclay s Capital from 1999 to 2010.
Paul Davies, 49	Vice President and Chief Human Resource Officer since June 2010. Independent human resources consultant from 2008 to 2010. Vice President, Human Resources at Wyeth Pharmaceuticals from 1996 to 2008.
Wendy M. Johnson, 52	Vice President and Chief Accounting Officer since July 2010. Vice President and Assistant Controller from 2008 to 2010. Director, Global Manufacturing and Accounting from 2004 to 2008.
Samuel L. Smolik, 58	Vice President, Health, Safety and Environmental since November 2009. Vice President, Downstream Health, Safety and Environmental of Royal Dutch Shell from 2004 to 2009.
Francesco Svelto, 51	Vice President and Treasurer since January 2010. Interim Vice President from 2009 to 2010. Divisional Vice President Business Finance, Polymers for 2008. Treasurer of Basell AF S.C.A. from 2003 to 2007.

* As of September 1, 2011.

Table of Contents

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

The following Compensation Discussion and Analysis, or CD&A, describes how we made compensation decisions for our executive officers that are named in the Summary Compensation Table on page 139 of this prospectus. These officers include James L. Gallogly, C. Kent Potter, Craig B. Glidden, Kevin W. Brown and Bhavesh V. (Bob) Patel. We refer to them collectively as the named executive officers, or named executives, throughout this prospectus.

Executive Summary

We began 2010 under the protection of chapter 11 of the U.S. bankruptcy laws. The Company is the successor to the entity that filed for bankruptcy protection in January 2009 after the combination of Lyondell Chemical Company and Basell in December 2007, and as a result of the subsequent economic recession and shutdown of the credit markets.

Our Compensation Committee was formed in August 2010. Prior to that time, the compensation of our executive officers was determined by the Remuneration Committee of LyondellBasell AF, our predecessor, and approved in many cases by the bankruptcy court in the bankruptcy proceedings under chapter 11. References to the Compensation Committee in this CD&A are to our current Compensation Committee, or the Remuneration Committee of our predecessor, as appropriate, unless specifically noted otherwise.

Significant items of note concerning the 2010 compensation for our named executive officers include:

- Compensation consisting of base salaries; short-term incentive awards based on Company and individual performance; medium-term incentive awards earned over a three year performance period ending December 31, 2012 based on Company performance; and long-term incentive awards in the form of stock options and restricted stock units (and restricted shares, in the case of Mr. Gallogly);

- Long-term, equity based incentive awards granted April 2010, after approval by the bankruptcy court, due to our successful emergence from bankruptcy proceedings; and

- Achievement of approximately 146% of consolidated Company performance metrics, which account for 50% of the named executives target bonus payment based on our superior performance during 2010, including

  - Substantial improvement over prior year period in safety and environmental performance, with employees full-year 2010 recordable incidence rate down 41% as compared to 2009;

  - Providing approximately $200 million of fixed cost reductions to replace certain one-time savings that had been achieved in 2009; and

  - EBITDA in 2010 of $4 billion, representing strong performance by the Company and an 80% increase over 2009.

Additionally, the Company achieved a total shareholder return from the date its shares were issued in April 2010 until year end 2010 of approximately 57%.

As discussed throughout this CD&A, each of our named executive officers was hired during our bankruptcy proceedings. In certain cases, these hirings were very early in the bankruptcy proceedings. As a result, there were significant uncertainties involved in our named executive officers joining the Company, including but not limited to the timing and likelihood of our emergence from bankruptcy proceedings and the bankruptcy court s actual approval of negotiated compensation terms. Additionally, we recruited each of our named executives based on their knowledge, skills and experience, as evidenced by the positions they held and which they left to work for us. Many of our compensation decisions were based on the difficulty in recruiting

these individuals away from successful, secure companies where our named executive officers had successful careers and opportunities for advancement.

Compensation Philosophy

We believe that we should pay for performance and align our executives interests with those of our shareholders. To this end, our compensation program for our named executives has been designed to achieve the following objectives:

support a high performing culture that attracts and retains highly qualified executive talent;

tie annual incentives to the achievement of Company and individual performance objectives; and

align executives incentives with the creation of shareholder value through both medium and long term incentive plans.

Administration of Compensation Programs

Our current Compensation Committee met twice in 2010, and will meet several times each year in future years to perform its responsibilities as delegated by the Supervisory Board and set forth in the Compensation Committee s charter. These responsibilities include evaluating and approving the Company s compensation philosophy, policies, plans and programs for our named executive officers.

In the performance of its duties, the Compensation Committee reviews the total compensation, including the base salary, target bonus award opportunities, incentive award opportunities and other benefits, including potential severance payments for each of our named executive officers. In the first quarter of 2011, the Compensation Committee met to determine salary increases, if any, for the named executive officers; verified the results of the Company s performance for annual incentive calculations; reviewed the individual annual incentive targets for 2011 for each of the named executive officers; and made decisions on granting other incentive awards.

The Compensation Committee has several resources it utilizes in its analysis of the appropriate compensation for the named executive officers. Late in 2010, the Compensation Committee hired an independent consultant to provide advice relating to market and general compensation trends. The Compensation Committee intends to use the services of its independent consultant for data gathering and analyses, and for use in its discussions of and decisions on the named executive officers compensation. The Compensation Committee retained Frederic W. Cook & Co., Inc. (Cook & Co.) as its independent consultant in 2010. The Company s engagement with Cook & Co. includes meeting preparation and attendance, advice, best practice information, as well as competitive data. In addition to services related to executive compensation, the Nominating & Governance Committee of the Supervisory Board intends to use the consultant for information and advice related to director compensation. Cook & Co. has no other business relationships with the Company.

To ensure the independence of any compensation consultants utilized by the Compensation Committee for executive compensation matters, it is the Company s policy that no compensation consultant engaged by the Compensation Committee to assist in determining or recommending the compensation of executive officers may be engaged by management of the Company to provide any other services unless first approved by the Compensation Committee.

Mr. Gallogly plays an important part in determining executive compensation, as he assesses the performance of the named executive officers reporting to him and reports these assessments with recommendations to the Compensation Committee.

To facilitate the Compensation Committee s review of our executive compensation program, our human resources department provides the Compensation Committee with:

- data from compensation survey databases and other historical data that it believes will be useful in reviewing the compensation of the named executive officers;

Table of Contents

historical breakdowns of the total direct compensation component amounts approved by the Compensation Committee and previous Remuneration Committee for our officers;

recommendations for performance targets under our incentive plans;

recommendations of Mr. Gallogly, as Chief Executive Officer and the sole member of our Management Board, for the prospective total direct compensation component amounts and the methodology for calculating the amounts for the named executive officers that report to him; and

such additional information as the Compensation Committee may request.

Overview of Executive Compensation Program

Each of the named executive officers joined the Company during its bankruptcy proceedings and, with the exception of Mr. Potter (whose terms of retention were approved by the Bankruptcy Court), entered into employment agreements with the Company at that time. The employment agreements contain compensation packages designed to attract the named executives in light of the risks to them involved in joining us during our turnaround period. The Company underwent tremendous turnover of personnel, including executive officers, during 2007 and through 2009, and as a result, stability of the Company s leadership team became a priority. As a result, in addition to the need to attract these individuals, retention was a significant factor in designing the total compensation provided for in their agreements.

Generally, our programs are designed to increase the proportion of at-risk pay as a percentage of total compensation as an executive s responsibilities increase. This is based upon the belief that our senior executives have more opportunity to affect the performance of the Company and that executives performance will be enhanced by ensuring that a significant portion of their potential compensation is tied to the performance of the Company.

Salary Structure

For our named executives, base salary increases with responsibility, but at a lesser rate than increases in target incentive compensation percentages. This results in an increased percentage of at-risk compensation as the named executive s responsibility is increased.

Benchmarking

In order to establish the initial compensation packages for our named executive officers and formulate our incentive plans described below, the Remuneration Committee of LyondellBasell AF considered data from the Towers Perrin 2008 Executive Compensation Database, which collects data from hundreds of companies for a given year across industries and revenue sizes (the Towers Perrin Database). Single regression analysis of the Towers Perrin Database established the market levels of compensation for each of the named executive officer s position based on the revenue size of the individual s responsibilities within the organization. The identity of the component companies that comprised the sub-set used in the single regression analyses was not made available to us. Our human resources department s recommendations to the Remuneration Committee were designed to position each element of each named executive officer s total direct compensation, including base salary and incentive awards, at approximately the 50th percentile in relation to similar compensation paid to the executive s peers.

In setting compensation levels in the future, the Compensation Committee plans to use compensation surveys that include, but are not limited to, large chemical and energy companies. The purpose of benchmarking is to ensure that

we are able to offer competitive packages in order to retain our executives. We believe that a cumulative target for the total of base salary and all incentive compensation at or near the 50th percentile for similar positions is appropriate, allowing for adjustment upon consideration of experience, individual performance and other factors.

The table below shows the benchmark median base salaries and incentive targets (including short, medium and long-term incentives) used in determining the named executives initial compensation packages.

Table of Contents

Officer	Benchmark Median Base Pay	Benchmark Median Incentive Targets
Mr. Gallogly	$ 1,344,337	770%
Mr. Potter	$ 710,894	335%
Mr. Glidden	$ 567,716	300%
Mr. Brown	$ 480,500	205%
Mr. Patel	$ 488,300	275%

Additionally, there is a group of companies whose performance we review to assist in making subjective considerations related to the achievement of our goals under our incentive programs. These companies results are reviewed to benchmark our performance against the industry in which we operate. These companies include:

Chemical Companies (Weighted 80%)	Energy & Refining Companies (Weighted 20%)
BASF	Valero Energy Corp.
Dow Chemical	Sunoco
Huntsman Corp.	Tesoro Corp.
Celanese Corp.	Western Refining Inc.
Eastman Chemical Corp.	Holly Corp.
Westlake Corp.	ALON USA Energy Inc.
ExxonMobil Chemical U.S. Segment	Frontier Oil Corp.
Shell Chemical Segment	Delek US Holdings Inc.
ExxonMobil Chemical non-U.S. Segment	ConocoPhillips Refining Segment
Ineos	ExxonMobil Refining Segment
Chevron Phillips Chemical Company	Shell Refining Segment
Borealis	Chevron Refining Segment
Nova	

Internal Pay Equity

We believe our salary structure provides a framework for equitable compensation between executives. As a general matter, jobs having greater duties and responsibilities will have higher incentive compensation targets. However, each executive s compensation package as a whole is analyzed to ensure appropriate compensation given the market for analogous positions within the marketplace and the mix of components of compensation is taken into account. Taken as a whole, our compensation program for executives is designed so that individuals incentive target levels rise as their salary level increases, with the portion of performance-based compensation rising as a percentage of total targeted compensation. The result is that each executive s actual total compensation as a multiple of the total compensation of his subordinates will increase in periods of above-target performance and decrease in times of below-target performance.

Developing Performance Measures

We use Company financial and other performance criteria, including safety metrics, as well as individual performance criteria in determining payouts under incentive compensation awards. We attempt to develop performance measures

that assess the performance of the Company relative to other companies in addition to absolute performance measures. This is based on our belief that absolute performance can be affected positively or negatively by industry-wide factors over which our executives have no control, such as the cyclicality of feedstock costs and the global economy. We also attempt to isolate the underlying performance necessary to enable achievement of performance criteria considering our unique circumstances within the industry.

For purposes of awards under our incentive programs, we have set performance metrics so as to require high performance in order to receive target incentive compensation levels, and have selected multiple metrics to promote the well-rounded executive performance necessary to enable the Company to achieve long-term success.

Table of Contents

Although our incentive programs use performance metrics, we have no threshold measures such that payouts are guaranteed assuming the attainment of specified targets. We use numerical targets as one of the components to determine whether payouts are warranted under each of the metrics; however, the discretionary nature of our programs means that the achievement (or non-achievement) of such targets is only the starting point in the Committee s determination of payouts for that metric. This is because we believe that judging performance based on an analysis of all relevant considerations provides a more meaningful determination of actual performance than using bright line performance targets. To this end, the Compensation Committee retains discretion to consider other factors in addition to the stated performance metrics to determine relative performance.

Elements of our Executive Compensation Program

Our executive compensation program generally consists of four principal components:

base salary;

annual cash incentive compensation;

medium-term incentive compensation; and

long-term equity-based incentive compensation.

We have chosen to pay each of these elements because we believe they best serve to advance our compensation objectives, as discussed in more detail below.

Base Salary

We pay base salaries to our named executives to provide them with sufficient, regularly paid income for performing day-to-day responsibilities. As executives assume more responsibilities within the Company, a smaller percentage of their total compensation will be from base salary. By providing a competitive base salary, we serve our compensation objectives of retaining and attracting employees and motivating employees by rewarding individual performance and tenure with base salary increases.

In 2010, each of our named executive officers other than Messrs. Gallogly and Patel received merit increases, effective May 1, 2010. Mr. Gallogly did not receive an increase in 2010, as he requested that his salary be frozen for this period. Mr. Patel did not receive an increase, as his employment did not begin until March 2010. The increases in base salary for Messrs. Potter, Glidden and Brown were 4.2%, 6.2% and 6.2%, respectively. These increases were based on each of the individual s performance ratings that had previously been determined under the Company s 2009 Short-Term Incentive Plan. Although Mr. Patel did not receive a merit increase, his salary increased from $430,000 to $475,000 in November 2010 in connection with his change in position from Senior Vice President O&P-Americas to Senior Vice President O&P EAI at that time.

Our named executive officers were being paid the following base salaries as of January 1, 2011:

Name	Annual Base Salary
Mr. Gallogly	$ 1,500,000
Mr. Potter	$ 729,404

Mr. Glidden	$	557,076
Mr. Brown	$	428,814
Mr. Patel	$	475,000

Annual Cash Incentive Compensation

We paid annual bonuses to our named executives under our 2010 Short-Term Incentive Plan, or the 2010 STI. Our named executives bonuses are targeted at a percentage of base salary ranging from 75 to 200% of base salary. The percentages of base salary that form the target bonuses of our named executives were determined based on arm s length negotiations with those individuals when they were recruited to join the

Table of Contents

Company. In negotiating such percentages, the Company used the benchmarking data described under Overview of Executive Compensation Benchmarking to agree to compensation terms that would result in compensation at or around the 50th percentile. Actual payouts under the STI can range from zero to 300% of the targeted percentage of base salary. The actual payouts are based on achievement of goals under the Company performance metrics and personal performance. Mr. Gallogly s employment agreement provides that his maximum bonus is 200% of his annual base salary. We tie actual payouts of our named executives bonuses to the achievement of Company financial and performance measures, and the performance of the components of the Company for which they have direct supervisory authority, which are referred to as award units. These individuals have the highest level of decision making authority within our organization and, therefore, the most ability to influence the Company s operational performance and results of operations. As a result, we believe it is appropriate to put a significant portion of their potential total compensation at risk based on whether the goals of the Company are achieved.

For 2010, bonus targets and maximum bonus payouts, each as a percentage of base salary, for the named executive officers were:

Name	Target Bonus	Maximum Bonus Payout
	(Percentage of Base Salary)	
Mr. Gallogly	100%	200%
Mr. Potter	170%(1)	510%(1)
Mr. Glidden	80%	240%
Mr. Brown	75%	225%
Mr. Patel	75%/80%(2)	225%/240%(2)

(1) As described in this CD&A, pursuant to the terms of his compensation as approved by the bankruptcy court, Mr. Potter does not receive any grants under the Company s medium and long term incentive plans. In lieu thereof, Mr. Potter has a higher target bonus percentage.

(2) In connection with the change in Mr. Patel s position from SVP O&P Americas to SVP O&P-EAI in November 2010, his target bonus as a percentage of salary increased to 80%.

Our business and financial results can be significantly impacted by economic factors outside the control of the Company and management. Mitigation of the impact of adverse conditions and the continuous improvement of our organization are expectations of our named executives. As a result, our 2010 STI includes a personal performance component that will affect the named executives incentive payments.

To support our strong pay-for-performance philosophy, the measures chosen for our named executive officers bonus calculations are those that we believe drive behaviors that increase value to our shareholders and are appropriately measured on an annual basis. In 2010, those measures primarily were based on (i) safety, (ii) costs, and (iii) net income before interest, taxes, depreciation and amortization (EBITDA). Safety is the foremost goal within our Company, and tying compensation to the achievement of safe operations ensures the safety or our people and protection of our assets is one of our named executives primary concerns. Additionally, we believe that to compete effectively, we must maintain an appropriate cost structure and, therefore, have included a cost metric. Finally, EBITDA is an indication of our ability to generate competitive earnings. We believe the ability to grow our earnings is an important metric to our shareholders, and drives shareholder value. The specific measures for 2010 bonus purposes are discussed below.

The 2010 STI awards for our named executive officers are based on an overall Company scorecard as well as award units ratings, with the Company scorecard and the award units weighted equally in determining the total achievement of Company performance. The Company scorecard includes the consolidated results of the Company, based on the achievement of the performance measures. Award units are assigned to operational or functional groups within the Company and are divided into three categories: business, manufacturing and service (including research and development). Award units and the performance criteria for each award unit are established at the beginning of each annual performance period. In 2010, we had 68 discrete award units within the Company. The award unit criteria for 2010 were designed based on the Company scorecard, modified to address specific budgets, targets and performance indicators related to the applicable award unit.

Table of Contents

Mr. Gallogly s STI award for 2010 performance was based 50% on the Company scorecard and 50% on a weighted average of all award unit ratings within the Company. The 2010 awards for the other named executive officers were based 50% on the Company scorecard and 50% on a weighted average rating of award units for which such executives were responsible, described below.

The following table shows the metrics for the Company s 2010 scorecard, which comprises one-half of the performance calculation for each of the named executives annual incentive; the weighting of each metric; considerations used in determining achievement; and the actual payouts for 2010. Under the STI, the possible payout for each metric ranges from 0 to 200%.

Metric	Weight	Considerations	Payout
HSE Performance	12.5%	Based on Recordable Injury Rate and HSE Management, with a goal of 1.8 for recordable injuries.* The severity of injuries and benchmarks, process safety incidents, environmental performance and stewardship, and audit results were considered.	90%
Costs	12.5%	Based on cash fixed costs compared to budget, with a goal of $3.57 billion. Benchmarks and success in cost improvement initiatives were considered.	125%
Business Results	25%	Based on EBITDA, with a goal of $1.6 billion, with appropriate adjustments for unusual events compared to budget. The business environment and the Company s performance relative to its peers were considered.	185%
Total	50%		146.25%

* Recordable injuries are measured by the total number of injuries needing medical attention or time off work for every million of hours worked.

The Compensation Committee reviewed the Company s performance and made the considerations shown in the above table to determine the payouts as noted based on several factors. The Company s safety performance, measured by recordable incidence rate for employees and contractors was 2.1, over its goal of 1.8. However, the Company s employees full year incidence rate of 1.5 showed a 41% improvement over the prior year period. Additionally, process safety and environmental incidents were substantially improved over the prior year. As a result, the Compensation Committee determined that a 90% payout of the HSE Performance was appropriate. The Committee also considered the Company s substantial cost improvement initiatives, including providing approximately $200 million of fixed-costs savings to replace certain one time savings that had been achieved in 2009. Based on reduction of fixed costs, particularly given the $1 billion in savings already achieved in the prior year, the Compensation Committee determined to pay out the cost metric at 125%. Finally, the Company s business results in 2010 were outstanding, with over $4 billion in EBITDA, which was more than twice the Company s budget for the year. After consideration of economic conditions and the performance of the industry as a whole, the Committee determined that a payout for business results at 185% was appropriate. The 185% was chosen because, notwithstanding the outstanding financial performance of the Company, the Committee acknowledged the benefit received by economic conditions generally. The Committee determined that based on the Company s performance, and its differential performance as compared to

others within the industry, less than the full 200% should be awarded for the Business Results Metric. The aggregate total payout for the Company Scorecard, which is half of the total Company performance metric used in calculating how much of the target bonus each named executive has earned, was 146.25%.

The Compensation Committee reviewed and approved management s determinations for the award units rating based on each award units performance. Award unit performance comprises one-half of the Company performance calculation for determining how much of the target bonus each named executive has earned. Each of the Company s award units other than those representing functional groups such as Finance and Legal use the same measures for performance as are used for the Company scorecard, including HSE Performance, Costs and Business Results, modified to address specific budgets, targets and performance indicators related to the applicable award unit. Functional groups use a Customer Service metric in lieu of the Business Results metric.

Table of Contents

Business award units metrics are weighted: HSE Performance 10%; Costs 20%; and Business Results 20%. Functional Award units metrics are weighted: HSE Performance 10%; Costs 20%; and Customer Service Satisfaction 20%.

Management carefully reviewed each of the Company s 68 award units for its safety performance, its cost control and reduction, the EBITDA of the particular operations and the customer satisfaction ratings. In making determinations and recommendations to the Committee with respect to the each of the award units ratings, management of the Company considered the extent to which the actions of management had affected, either positively or negatively each award units results.

The safety performance targets for award units were based on the Company s 2010 scorecard goal, with each award unit receiving a payout of between 0% and 200%, depending on the number of (or absence of) injuries, process safety incidents, environmental incidents and the severity of any such events within each award unit that contributed to the Company s overall HSE Performance. Consideration was also given to the degree of difficulty in achieving the target in office locations compared to manufacturing locations and the extent to which performance was improved over prior years. The average payout for the safety metrics in the award units was 91%.

To determine the payouts for the cost and business results measures for each award unit, management reviewed the particular operations or departments operating expenses; selling, general & administrative expenses; and EBITDA within the year, as applicable. Consideration was given to those factors that management deemed important in judging the unit s success in controlling or cutting costs or improving earnings such as process improvements, reorganizations, contract negotiations, market development and margin improvements. The impact of external factors such as exchange rates, commodities markets, labor markets, and political issues was excluded. Individual award unit payouts for cost ranged between 70% and 190%, with an average of 122%. Payouts for business results ranged between 80% and 200%, with an average of 144%.

Additionally, the customer service ratings for functional groups, which include Finance, Information Technology and Legal in the table below, were based on ratings given by senior leaders of the Company to each of the specified award units. These ratings were based on these functions primary clients satisfaction of the services provided, as well as the success of each department in meeting its goals for the year. Payouts for customer service ranged between 40% and 190%, with an average of 133%.

The following table shows the award units, the weighting of each of those award units for the named executive officer, and the weighted payout of all award units for which each named executive officer had primary responsibility, other than Mr. Gallogly. Mr. Gallogly s award unit payout was based on the weighted average of all 68 award units of 133%.

Name and Award Unit(s)	**Weight of Each Award Unit**	**Weighted Award Unit Payout**
C. Kent Potter		139%
Finance	57%	
Information Technology	43%	
Craig B. Glidden		162%
Legal	100%	
Kevin W. Brown		98%
Houston Refinery	40%	
Refining Americas	20%	
Oxyfuels	15%	
Berre Refinery	10%	

Global Procurement	10%	
Refining France	5%	
Bob V. Patel		157%
Americas Olefins	57%	
Americas PP & Catalloy	18%	
Americas PE	15%	
Americas Supply Chain	10%	

In addition to the Company scorecard and award units, each of the named executive officer s awards was dependent on his individual performance. Depending on the individual named executive s personal

Table of Contents

performance, his award may be adjusted down to zero and up to 1.5 times the calculated award. The Compensation Committee reviewed the personal performance of each of the named executive officers, taking into account the individual s impact on the Company s performance and success during the year. For all of the named executive officers other than Mr. Gallogly, the Committee also considered Mr. Gallogly s recommendations of those officers performance. The Compensation Committee conducted its own evaluation of Mr. Gallogly s performance in 2010 to determine his individual performance modifier. Based on this evaluation and the discussions of the named executives performance, the Committee approved multiples shown in the table below. These multiples reflect the Compensation Committee s recognition of these individuals contributions to the Company s strong operational performance and safety improvement in 2010.

Officer	Individual Modifier
Mr. Gallogly	1.476(1)
Mr. Potter	1.3
Mr. Glidden	1.5
Mr. Brown	1.3
Mr. Patel	1.5

(1) This represents the multiplier required to deliver the maximum payout of 200% defined in Mr. Gallogly s contract.

Medium Term Cash Incentive Compensation

Under our 2010 Medium Term Incentive Plan, or 2010 MTI, we grant performance based incentive awards that provide for payouts based on the achievement of Company financial results after a three-year performance period. Target awards are based on a specified cash dollar amount, and can pay from 0 200% of target, depending on the Company s achievement of the performance measures, as determined by the Compensation Committee. The plan provides that the awards may be settled in cash or shares, at the discretion of the Compensation Committee. The awards granted in 2010 will be settled in cash. We believe that these medium-term awards serve our compensation objectives by tying incentives to measurable corporate performance that, in turn, creates shareholder value. Further, medium-term incentives balance rewards for short-term and long-term results and help to drive accountability for results. Medium-term incentives also help to provide an attractive overall compensation package to further our objective of recruiting and retaining our executive talent.

In 2010, each of our named executive officers other than Mr. Potter was granted an MTI award. These awards are paid out in the first quarter of 2013 based on the Company s achievement of the metrics shown in the table below over the period ending December 31, 2012, provided that the participant is employed on the date on which the Compensation Committee certifies the performance results, which is expected to occur in the first quarter of 2013. The 2010 MTI also provides for prorated payouts in the event of a change in control of the Company and in the event of the retirement, death or termination other than for cause of the individual. Mr. Potter was not included as a participant in the 2010 MTI, as he receives a higher target bonus percentage under the 2010 STI pursuant to his negotiated compensation terms as approved by the bankruptcy court. The table below shows the metrics, weighting of those metrics, and considerations in evaluating achievements for the 2010 MTI.

Metric	Weight	Considerations

Return on Assets	67%	Percentage change in return on assets, as measured by EBITDA/assets, between January 1, 2010 and December 31, 2012 for the Company compared to peer companies, considering relative change, market conditions and any special circumstances.
Costs	33%	Cost improvements over the performance period and improvement in the Company s position in cost benchmarks, considering size of achievement, success in cost improvement initiatives, market conditions, and special circumstances applicable to the Company.

Table of Contents

There is no specific target for the either of the metrics. At the end of the performance period, the Compensation Committee will review the Company s results in each of the metrics and determine an appropriate payout, considering the factors described above as well as any other considerations that may be appropriate at that time.

Long-Term Equity-Based Incentive Compensation

We have the ability to grant a variety of equity-based awards under our 2010 Long-Term Incentive Plan, or 2010 LTI, including restricted stock units, restricted stock, stock options and stock appreciation rights. The restricted stock and restricted stock units we granted in 2010 to our executives vest after five years. We believe the long-term vesting is an appropriate retention tool. Further, receipt of awards only after five years of service motivates our named executive officers to act in a manner that will increase shareholder value over time. Restricted stock units correspond to an equal number of our shares. At the end of the five-year vesting period for each grant, the Company will deliver an equal number of shares. Restricted stock units are entitled to dividend equivalents, which are paid out based on the number of shares underlying the units when and if the Company declares and pays dividends on its shares.

We also granted stock options to our named executive officers in 2010. Stock options for named executive officers other than Mr. Gallogly begin vesting two years after date of grant, and vest in equal annual installments over three years thereafter. We believe that time-vested awards encourage long-term value creation and executive retention because executives can realize value from such awards only if our share value increases and they remain employed by us at least until the awards vest. The terms of the stock options granted to Mr. Gallogly are described below.

Awards granted under the 2010 LTI, unless otherwise provided in an applicable award or employment agreement, have a double-trigger change in control provision pursuant to which they will vest in the event of a change in control of the Company followed within one year by constructive termination or involuntary termination without cause. Mr. Gallogly s employment agreement has a single-trigger provision that provides for immediate vesting upon a change in control, regardless of a change in his employment status. Mr. Gallogly s employment agreement contains the only single-trigger provision in our compensation programs. This provision was deemed necessary to recruit Mr. Gallogly from his previous position as an executive of ConocoPhillips, one of the largest U.S. companies and a Fortune 10 company, given the uncertainty of the Company s future and prospects when Mr. Gallogly joined the Company.

In connection with the hiring of Messrs. Gallogly, Glidden and Brown, we agreed to certain initial equity grants as soon as practicable following our emergence from bankruptcy, which occurred on April 30, 2010. The amounts of these awards were determined by the Company in its consideration and formulation of the overall compensation packages that were offered to these individuals, using the market levels of long-term incentive compensation included in the Towers Perrin Database. Significantly, the initial equity grants provided for in these executives employment agreements reflected the Company s need to persuade these individuals to join us during our bankruptcy case. In all cases, the individuals were giving up substantial value at successful companies in order to join a company that faced not only significant challenges, but unique risks as a going concern. Additionally, because we were in bankruptcy proceedings when these individuals were hired, the actual grants of these awards were delayed significantly from the dates of hire because they could not be granted until emergence, which was not a certainty, but also were not certain to be confirmed or approved by the bankruptcy court.

Mr. Gallogly s grants included 1,771,794 restricted shares and stock options to purchase 5,639,020 shares. The restricted shares vest in full on May 14, 2014, subject to earlier forfeiture upon termination of employment as provided in Mr. Gallogly s employment agreement. The stock options have an exercise price of $17.61 per share and vest in five annual equal increments beginning on May 14, 2010. Mr. Gallogly s compensation was based on numerous factors, including market levels included in the Tower s Perrin Database. Mr. Gallogly joined the Company in May 2009, four months into the Company s bankruptcy proceedings under chapter 11, as its Chief Executive Officer. This

gave rise to several unique circumstances in determining Mr. Gallogly s compensation including, but not limited to, the fact that Mr. Gallogly was recruited to lead the Company s reorganization efforts not as a short-term turn-around expert, but as an executive that

Table of Contents

could both turn-around the Company by spearheading its emergence from bankruptcy and provide the leadership and management required to improve operations, sustain those improvements over the long-term and ultimately grow the Company for the benefit of all the Company s stakeholders.

As a result, granting Mr. Gallogly significant long-term equity awards as provided in his employment agreement that was approved by the bankruptcy court was viewed to be in the best interests of the Company and its stakeholders. As described elsewhere in this CD&A, we believe that equity awards of the types granted to our named executive officers appropriately incentivize our named executives to act in a manner that will benefit shareholders and grow the long-term value of the Company.

The initial grants of equity awards made on April 30, 2010 to Messrs. Glidden and Brown as provided for in their employment agreements included the following:

Name	Initial Equity Award
Craig B. Glidden	Stock options to purchase 34,676 shares and 19,612 restricted stock units
Kevin W. Brown	Stock options to purchase 14,881 shares and 8,417 restricted stock units

The awards shown in the table above were part of the compensation agreed to when we recruited Messrs. Glidden and Brown. These awards are considered by the Company to be 2009 awards. However, as explained, they could not be granted until our emergence from bankruptcy proceedings, which occurred in April 2010. As a result, they are considered for SEC disclosure purposes to be 2010 compensation. The stock options have an exercise price of $17.61 and vest in three equal, annual installments beginning on the second anniversary of date of grant of April 30, 2010. The restricted stock units cliff vest on the fifth anniversary of the date of grant of April 30, 2010.

In addition to the grants described above, the named executive officers shown in the table below were granted the following equity awards on April 30, 2010, which were provided for in their employment agreements, and which have the same terms and conditions as those included in the above table:

Name	Awards
Craig B. Glidden	Stock options to purchase 321,990 shares and 182,104 restricted stock units
Kevin W. Brown	Stock options to purchase 223,215 shares and 126,241 restricted stock units
Bob V. Patel	Stock options to purchase 175,596 shares and 99,310 restricted stock units

The Compensation Committee does not intend to grant its named executive officers additional equity awards under the 2010 LTI until 2015 other than in the case of promotions or other extraordinary circumstances.

Mr. Potter does not participate in the 2010 LTI. As described elsewhere in this CD&A, Mr. Potter s compensation arrangement, as approved by the bankruptcy court, provides for a higher target bonus percentage under the 2010 STI in lieu of medium and long term equity compensation.

Other Benefits

In addition to the compensation described above, we provide our named executive officers with very few perquisites or other benefits. Those benefits include 401(k) plan matching contributions; life and disability benefits; vacation pay; and eligibility to participate in health and welfare benefit plans, including pension plans, available to our employees generally. We at times make expatriation payments to employees to make them whole when a requested relocation would adversely affect their compensation due to different tax regimes. We may make these types of payments to our named executive officers in future years if the situation warrants.

Table of Contents

Claw-Back Provisions

The Compensation Committee recognizes the benefits to the Company and its stakeholders of claw-back policies for its executive officers. Under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC has been charged with requiring stock exchanges, including the NYSE on which our shares are listed, to prohibit listing of securities of any company that has not developed and implemented compensation claw-back policies. The Dodd-Frank Act s provisions regarding claw-back policies are specific as to what is required, although implementing regulations have not yet been promulgated. The Compensation Committee currently is reviewing those requirements and, in light of its compensation programs generally, is developing such a policy.

Share Ownership Guidelines

The Compensation Committee has determined that share ownership guidelines are in the best interest of its shareholders, and intends to adopt such guidelines in advance of the vesting of equity award grants to its named executive officers other than Mr. Gallogly, whose stock options began vesting in 2010. The stock option awards granted to the other named executives begin vesting in 2012.

Insider Trading

The Company maintains an insider trading policy that prohibits the named executive officers from engaging in most transactions involving the Company s shares during periods, determined by the Company, that those executives are most likely to be aware of material inside information. Named executive officers must clear all of their transactions in our shares with the Company s Corporate Secretary s office to ensure they are not transacting in our securities during a time that they may have material, nonpublic information.

Additionally, as a general matter, it is our policy that no transactions that reduce or cancel the risk of an investment in our shares, such as puts, calls and other exchange traded derivatives, or hedging activities that allow a holder to own a covered security without the full risks and rewards of ownership, will be cleared. We consider it inappropriate for our executive officers to engage in short-term speculation in our securities based on fluctuations in the market or to engage in other transactions in our securities that may lead to inadvertent violations of the insider trading laws. Accordingly, individuals subject to our Policy Prohibiting Insider Trading, which is applicable to all executive officers, are prohibited from purchasing, selling or writing options on our securities or engaging in transactions in other third-party derivative securities with respect to our securities, including puts, calls, short sales, collars, forward sale contracts, and other short-term purchase or sale transactions. Transactions involving both the purchase and sale of our securities in the open market within a one week period are presumed to be prohibited short-term purchase or sale transactions.

Accounting and Tax Matters

Section 162(m) of the Internal Revenue Code denies a compensation deduction for federal income tax purposes for certain compensation in excess of $1 million paid to specified individuals. Performance based compensation meeting specified standards is deductible without regard to the $1 million cap. None of the compensation paid or awarded to our officers or employees in 2010 was subject to Section 162(m). Certain compensation payable to our officers under the employment agreements currently in effect and future payments of compensation approved by our Compensation Committee may be in excess of what is deductible under Section 162(m), and our Compensation Committee reserves the right to structure future compensation of our executive officers without regard for whether such compensation is fully deductible if, in the committee s judgment, it is in the best interests of our company and our shareholders to do so.

Section 409A of the Internal Revenue Code generally provides that any deferred compensation arrangement which does not meet specific requirements regarding (i) timing of payouts, (ii) advance election of deferrals and (iii) restrictions on acceleration of payouts will result in immediate taxation of any amounts deferred to the extent not subject to a substantial risk of forfeiture. Section 409A is broadly applicable to any form of deferred compensation other than tax-qualified retirement plans and bona fide vacation, sick leave, compensatory time, disability pay or death benefits, and may apply to certain awards under our long-term incentive plans. For example, restricted stock units and stock options may be classified as deferred compensation for this purpose.

Table of Contents

The Treasury Department and Internal Revenue Service have issued final regulations implementing Section 409A, which generally became effective January 1, 2009. Based on these regulations, we have structured our compensation arrangements in a manner that complies with or is exempt from Section 409A.

Executive Compensation Tables

We are required to present compensation information in the tabular formats prescribed by the SEC. This format, including the tables column headings, may be different from the way we describe or consider elements and components of our compensation internally.

We believe the following information may be useful to an understanding of the tables presented in this section. The CD&A contains a discussion that should be read in conjunction with the compensation tables included in this section to gain a complete understanding of our executive compensation philosophy, programs and decisions.

Our annual cash bonuses are earned and paid under our 2010 STI based on the achievement of performance goals. As a result, they are considered incentive compensation rather than bonuses for SEC disclosure purposes and are included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table, rather than the Bonus column.

As described in the CD&A, equity awards granted to the named executive officers in 2010 include stock options, restricted stock units, and restricted shares. The value of stock awards included in the tables is the aggregate fair value of the awards on the date of grant, calculated pursuant to U.S. GAAP. Under FASB ASC 718, *Compensation Stock Compensation*, we generally recognize compensation expense based on the grant date fair value of the awards ratably over the periods in which they are earned, which is the vesting period. SEC disclosure rules require us to include the aggregate grant date fair value, which is effectively the value (for financial reporting purposes) that may be earned over the entire life of the award. This amount is required to be disclosed, notwithstanding that the named executives are not entitled to the awards until they vest, and that vesting occurs after five years in the case of restricted shares and restricted stock units and over a period of time on a ratable basis in the case of stock options.

The values included in the tables are neither guarantees of performance by the Company nor compensation that may be earned by or paid to the executives. However, the required inclusion of the aggregate amounts the named executives may receive in the future may be helpful to readers, as it provides an understanding of the named executives potential compensation over time, using the value as of the date of grant.

In March 2011, we made annual incentive award payments under the 2010 STI to the named executives, as disclosed in the Summary Compensation Table. Notwithstanding that the awards have been earned and paid, we are required to include the threshold, target and maximum dollar amounts that could have been paid for 2010 performance in the Estimated Possible Payouts Under Non-Equity Incentive Plan Awards, in the Grant of Plan-Based Awards in 2010 table. This disclosure enables readers to compare the amounts actually earned, as disclosed in the Summary Compensation Table, to the named executives possible payments under the awards.

Although we consider all of our equity awards to be a form of incentive compensation because their value will increase as the market value of our shares increases, only awards with performance criteria are considered equity incentive plan awards for SEC disclosure purposes. As a result, none of our equity awards have been included as Equity Incentive Plan Awards in the Outstanding Equity Awards at December 31, 2010 table. Restricted stock units, restricted shares and stock options are disclosed in other tables, as applicable.

Under the SEC s disclosure rules, to the extent compensation tables would have no values in them because they are inapplicable to the Company, they may be excluded. The Company has not included (i) an Option Exercises and Stock Vested table, as no named executive officer exercised stock options or

Table of Contents

vested in any stock awards (other than stock options) in 2010 or (ii) a Nonqualified Deferred Compensation table, as the Company does not currently maintain a nonqualified deferred compensation plan.

Summary Compensation Table

d Principal (1)	Year	Salary(1)	Bonus (2)	Stock Awards (3)	Option Awards (4)	Non-Equity Incentive Plan Compensation (5)	Change in Pension Value (6)	All Other Compensation (7)	T
Gallogly	2010	1,500,000		31,201,292	41,334,017	3,000,000	11,955	14,700	77,(
ecutive	2009	923,077	4,346,154				5,708		5,3
Potter	2010	719,791				2,297,479	12,478	14,700	3,(
e Vice	2009	296,154	796,154				4,828	145,833	1,2
t &									
ancial									
Glidden	2010	546,443		3,552,219	3,195,727	1,030,312	11,397		8,2
e Vice	2009	211,383	1,235,483				5,443		1,4
t &									
gal Officer									
. Brown	2010	416,702		2,371,327	2,133,340	467,688	11,249	8,192	5,4
ce President	2009	100,000	1,075,000				2,707		1,
& Oxyfuels									
V. (Bob)	2010	339,519	670,386	1,748,849	1,573,340	585,492	8,369	26,690	4,9
ce President									
EAI									

(1) All amounts are in U.S. dollars. Mr. Gallogly commenced employment with us in May 2009; Messrs. Potter and Glidden commenced employment in August 2009; Mr. Brown commenced employment October 2009; and Mr. Patel commenced employment in March 2010. Amounts shown in the salary column in 2009 are for the period of time each of the executives performed services for us.

(2) Amounts include (a) signing bonuses paid to Messrs. Gallogly, Potter, Glidden and Brown in 2009 in the amount of $2,500,000, $500,000, $1,066,000 and $1,000,000, respectively, and $670,386 to Mr. Patel in 2010 and (b) guaranteed annual cash bonuses for 2009, negotiated at the time of hiring of each of Messrs. Gallogly, Potter, Glidden and Brown, in the amounts of $1,846,154, $296,154, $169,470 and $75,000, respectively. The signing bonuses generally were intended to compensate the named executives for earned but not yet paid incentive payments they forfeited when they left their prior employments. Additionally, in the case of Mr. Patel, a portion of his signing bonus was to compensate him for reimbursement payments he was obligated to make to his prior employer for repatriation costs as a result of an intercontinental relocation in the amount of $170,386.

(3)

Mr. Gallogly s stock awards includes 1,771,794 restricted shares, granted pursuant to the 2010 LTI. The shares vest in full on May 14, 2014, subject to earlier forfeiture. Pursuant to his employment agreement, Mr. Gallogly was entitled to receive restricted shares valued at $25 million, using a share price of $14.11 as provided in the Company s Plan of Reorganization as approved by the bankruptcy court. The value shown in the table is the aggregate grant date fair value when the shares were ultimately issued on April 30, 2010, at which time the fair value was higher than $14.11. The other executives stock awards include restricted stock units, granted pursuant to the 2010 LTI, which entitle the recipient to an equal number of shares upon vesting. The executives restricted stock units vest in full on April 30, 2015, subject to earlier forfeiture. Amounts included in the table are the aggregate grant date fair value of the awards calculated in accordance with ASC 718. See Note 19 to the Company s Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2010 for a discussion of the calculation of the fair value of the awards.

(4) Amounts shown are the aggregate grant date fair values, calculated in accordance with ASC 718. The fair values of stock options were estimated at their grant dates using the Black-Scholes option-pricing model. We use the Black-Scholes formula to calculate an assumed value of the options for compensation expense purposes; because the formula uses assumptions, the fair values calculated are not necessarily indicative of the actual values of the stock options. The assumptions used for Mr. Gallogly s stock options were a dividend yield of 0%; a risk-free interest rate of 2.44%; an expected life of 4.5 years; and a stock price

Table of Contents

volatility of 47%. The assumptions used for the other stock options were a dividend yield of 0%; a risk-free interest rate of 3.25%; an expected life of 6.5 years; and a stock price volatility of 47%. See Note 19 to the Company s Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2010 for a discussion of the calculation of the fair value of the awards.

(5) Amounts include annual incentive award payments under our 2010 STI for service during 2010.

(6) Amounts include increases during 2010 in the actuarial present values of the LyondellBasell Retirement Plan. The increases are calculated based on the difference between the total benefit actuarially reduced from age 65 to current age and the present value of the benefits under the plan. See the Pension Benefits Table on page 41 for more information.

(7) Amounts included in All Other Compensation for 2010 include the following: 401(k) matching contributions of $14,700 for Mr. Gallogly; $14,700 for Mr. Potter; $8,192 for Mr. Brown; and $9,498 for Mr. Patel. Amounts shown for Mr. Patel also include $17,067 of relocation expenses incurred in connection with his relocation to The Netherlands and $125 for insurance premiums.

Grant of Plan-Based Awards in 2010

Name	Grant Date(1)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(2) Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units(3) (#)	All Other Option Awards: Number of Securities Underlying Options (4)(#)	Exercise or Base Price of Option Awards ($)
James L. Gallogly	4/30/2010				1,771,794	5,639,020	17.61
			1,500,000	3,000,000			
			1,500,000	3,000,000			
C. Kent Potter			1,239,987	3,719,961			
Craig B. Glidden	4/30/2010				201,716	356,666	17.61
			445,661	1,336,983			
			288,503	577,006			
Kevin W. Brown	4/30/2010				134,658	238,096	17.61
			321,610	964,832			
			200,000	400,000			
Bob Patel	4/30/2010				99,310	175,596	17.61
			380,000	1,140,000			
			129,000	258,000			

(1) The grant date for all equity awards is April 30, 2010 the date of our emergence from bankruptcy proceedings, which is the date on which 2010 LTI became effective.

(2) The awards shown are (i) the estimated possible payouts of the executives annual incentive awards under the 2010 STI for performance in 2010 and (ii) the estimated future payments of the 2010 MTI awards after the three

year performance period ending December 31, 2012. Actual payouts of the annual incentive awards for 2010 are shown in the Summary Compensation Table under the column Non-Equity Incentive Plan Compensation. The named executives target incentive awards are a percentage of base salary, provided for in their employment agreements. The maximum shown in the table is the maximum amount that can be earned under the terms of the 2010 STI, which is 300% of target, other than for Mr. Gallogly, whose employment agreement limits his maximum award to 200% of his salary. As described in this prospectus, there is no minimum performance requirement for a threshold payment. Instead, each performance criteria is assessed and weighted, which can result in a payment of zero with respect to any particular performance criterion. The 2010 MTI awards are earned over a three-year performance period ending December 31, 2012, with payouts, if any, in the first quarter of 2013. As described in the CD&A, there are no

Table of Contents

minimum performance requirements for a threshold payment. Each performance criteria is assessed and weighted, which can result in a payment of 0 to 200% of the target award.

(3) Represents awards granted under our 2010 LTI. Mr. Gallogly s stock award represents restricted shares that vest in full on May 14, 2014. The other named executives awards represent restricted stock units, which represent the right to receive an equal number of our shares on the date of vesting, which is April 30, 2015 for all restricted stock awards disclosed.

(4) Represents stock options granted on April 30, 2010. The exercise price is equal to the reorganized value at the date of emergence and approved by the bankruptcy court in connection with out emergence from chapter 11 proceedings. Mr. Gallogly s options vest in five annual installments beginning May 14, 2010. The other named executives awards vest over a three year period beginning April 30, 2012, the second anniversary of the date of grant.

Outstanding Equity Awards at December 31, 2010

	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised&nb	Number of Securities Underlying			Number of Shares or	Market Value of Shares or