LYONDELL CHEMICAL CO
Form S-4/A
September 06, 2011

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As filed with the Securities and Exchange Commission on September 6, 2011

Registration No. 333-175077

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 2
to
Form S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

LyondellBasell Industries N.V.
Lyondell Chemical Company
See Table of Additional Registrants Below
(Exact name of registrant as specified in its charter)

The Netherlands **Delaware**	**2860** **2860**	**98-0646235** **95-4160558**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

Weena 737 **3013AM Rotterdam** **The Netherlands** **31 10 275 5500**	**1221 McKinney Street** **Suite 700** **Houston, Texas 77010** **(713) 309-7200**

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Craig B. Glidden
Weena 737
3013AM Rotterdam
The Netherlands
31 10 275 5500
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.
If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: o
If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o
If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer þ (Do not check if a smaller reporting company)	Smaller reporting company o

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:
Exchange Act Rule 13e-4(i) (Cross-Border Issue Tender Offer) o

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount to be Registered**	**Proposed Maximum Offering Price Per Note(1)**	**Proposed Maximum Aggregate Offering Price(1)**	**Amount of Registration Fee(1)**
8% Senior Secured Notes Due 2017	$1,822,500,000	100%	$1,822,500,000	$211,593(4)
8% Senior Secured Notes Due 2017(2)	303,750,000	100%	303,750,000	$50,522(4)
Guarantees of $1,822,500,000 aggregate principal amount of its 8% Senior Secured Notes due 2017 and 303,750,000 aggregate principal amount of its 8% Senior Secured Notes due 2017(3)				(5)

(1) Calculated pursuant to Rule 457(f)(2) under the Securities Act of 1933.
(2) The amount of registration fee was calculated based on the noon buying rate for cable transfers as certified by the Federal Reserve Bank of New York on June 17, 2011 of $1.4326 = 1.00.
(3) See inside facing page for additional registrants.
(4) Previously paid.
(5) Pursuant to Rule 457(n), no registration fee is required for the Guarantees.

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants file a further amendment which specifically states that this Registration

Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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TABLE OF ADDITIONAL REGISTRANT GUARANTORS

Exact Name of Registrant Guarantors(1)	State or Other Jurisdiction of Incorporation or Formation	IRS Employer Identification Number
LyondellBasell Finance Company	Delaware	75-3260806
LyondellBasell Acetyls, LLC	Delaware	27-1191233
Houston Refining LP	Delaware	76-0395303
LyondellBasell F&F Holdco, LLC	Delaware	27-1191320
LyondellBasell Acetyls Holdco, LLC	Delaware	27-1191133
Lyondell Refining I LLC	Delaware	76-0321158
Lyondell Refining Company LLC	Delaware	76-0321158
Lyondell Europe Holdings Inc.	Delaware	26-0547030
Lyondell Chimie France LLC	Delaware	23-1976967
Lyondell Chemical Technology, L.P.	Delaware	54-1613415
Lyondell Chemical Technology Management, Inc.	Delaware	23-2631289
Lyondell Chemical Technology 1 Inc.	Delaware	56-2561588
Lyondell Chemical Properties, L.P.	Delaware	23-2836105
Lyondell Chemical Overseas Services, Inc.	Delaware	95-4086869
Lyondell Chemical International Company	Delaware	51-0109803
Lyondell Chemical Delaware Company	Delaware	51-0309094
Equistar Chemicals, LP	Delaware	76-0550481
Basell North America Inc.	Delaware	51-0272090
Equistar GP, LLC	Delaware	27-1190908
Equistar LP, LLC	Delaware	27-1191017

(1) The address and telephone number for each registrant guarantor is 1221 McKinney, Suite 700, Houston, Texas 77010 and (713) 309-7200.

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SUBJECT TO COMPLETION, DATED SEPTEMBER 6, 2011

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 , 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 , 2011

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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.

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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 , 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

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

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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

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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.

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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

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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.

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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 , 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

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.

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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.

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.

Guaranteed Delivery Procedures

If you wish to tender your outstanding notes and your outstanding notes are not immediately available or you cannot deliver your outstanding notes, the letter of transmittal and any other documents required by the letter of transmittal, or you cannot comply with the applicable procedures under DTC s Automated Tender Offer Program or the procedures of Euroclear or Clearstream, Luxembourg, as applicable, for transfer of book-entry interests, prior to the expiration date, then you must tender your outstanding notes according to the guaranteed delivery procedures set forth in this prospectus under The Exchange Offer Guaranteed Delivery Procedures.

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

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	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 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.

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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

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	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;

	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.

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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

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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.

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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.

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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.

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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

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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

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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.

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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.

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

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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.

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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.

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

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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.

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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.

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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**				
					For the Year Ended December 31,			
	Six Months Ended June 30, 2011	**May 1 through December 31, 2010**	**May 1 through June 30, 2010**	**January 1 through April 30, 2010**	**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			

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	Successor			Predecessor				
	Six Months Ended June 30,	May 1 through December 31,	May 1 through June 30,	January 1 through April 30,	For the Year Ended December 31,			
	2011	2010	2010	2010	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.

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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.

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.

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 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**	**2008**
Millions of dollars								
Interest expense	$ 177	$ 340	$ 545	$ 132	$ 302	$ 713	$ 1,795	$ 2,476

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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.

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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			
Millions of dollars	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
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 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 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.

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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 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).

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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

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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-

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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%

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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.

Millions of dollars	Successor: Three Months Ended June 30, 2011	Successor: Six Months Ended June 30, 2011	Successor: May 1 through June 30, 2010	Predecessor: April 1 through April 30, 2010	Predecessor: 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.

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
<u>**Production Volumes, in millions of pounds**</u>				
Ethylene	5,585	2,768	8,129	7,990
Propylene	1,998	1,019	2,913	3,975
<u>**Sales Volumes, in millions of pounds**</u>				
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.

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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

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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		