LyondellBasell Industries AF S.C.A.

Quarterly Financial Report

For the Period Ended September 30, 2008

Presented on November 14, 2008

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FINANCIAL INFORMATION

CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

LYONDELLBASELL INDUSTRIES AF S.C.A.

CONSOLIDATED STATEMENTS OF INCOME

Millions of dollars	For the three months ended September 30, 2008	For the three months ended September 30, 2007	For the nine months ended September 30, 2008	For the nine months ended September 30, 2007
Sales and other operating revenues:				
Trade	$ 13,903	$ 3,831	$ 41,853	$ 11,241
Related parties	183	221	597	621
	14,086	4,052	42,450	11,862
Operating costs and expenses:				
Cost of sales	13,468	3,490	40,347	10,316
Selling, general and administrative expenses	302	138	878	414
Research and development expenses	42	36	147	96
	13,812	3,664	41,372	10,826
Operating income	274	388	1,078	1,036
Interest expense	(587)	(62)	(1,608)	(243)
Interest income	2	23	92	49
Other income, net	31	139	79	146
Income (loss) from continuing operations before equity investments and income taxes	(280)	488	(359)	988
Income from equity investments	22	35	94	113
Income (loss) from continuing operations before income taxes	(258)	523	(265)	1,101
Provision for (benefit from) income taxes	(121)	126	(119)	328
Income (loss) from continuing operations	(137)	397	(146)	773
Income from discontinued operations, net of tax	1	- -	15	- -
Net income (loss)	$ (136)	$ 397	$ (131)	$ 773

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES AF S.C.A.

CONSOLIDATED BALANCE SHEETS

Millions, except shares and par value data	September 30, 2008	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 623	$ 560
Restricted cash	1,432	1,471
Short-term investments	169	- -
Accounts receivable:		
Trade, net	4,038	3,889
Related parties	253	276
Inventories	5,935	5,178
Prepaid expenses and other current assets	560	620
Total current assets	13,010	11,994
Property, plant and equipment, net	16,746	17,146
Investments and long-term receivables:		
Investment in PO joint ventures	958	978
Equity investments	1,306	1,259
Other investments and long-term receivables	142	145
Goodwill	5,124	5,247
Intangible assets, net	2,275	2,484
Other assets	508	475
Total assets	$ 40,069	$ 39,728

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES AF S.C.A.

CONSOLIDATED BALANCE SHEETS – (Continued)

Millions, except shares and par value data	September 30, 2008	December 31, 2007
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 1,478	$ 459
Short-term debt	2,465	2,415
Accounts payable:		
Trade	3,674	3,800
Related parties	427	524
Accrued liabilities	1,612	2,068
Deferred income taxes	576	432
Total current liabilities	10,232	9,698
Long-term debt	22,203	21,541
Other liabilities	1,977	1,881
Deferred income taxes	3,839	4,543
Commitments and contingencies		
Minority interests	133	144
Stockholder's equity:		
Common stock, €124 par value, 403,226 shares authorized and issued at September 30, 2008 and December 31, 2007	60	60
Additional paid-in capital	543	563
Retained earnings	750	881
Accumulated other comprehensive income	332	417
Total stockholder's equity	1,685	1,921
Total liabilities and stockholder's equity	$ 40,069	$ 39,728

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES AF S.C.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of dollars	For the nine months ended September 30, 2008	2007
Cash flows from operating activities:		
Net income (loss)	$ (131)	$ 773
Income from discontinued operations, net of tax	(15)	- -
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,410	326
Equity investments –		
Amounts included in net income	(94)	(113)
Distributions of earnings	57	114
Deferred income taxes	(228)	118
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable	83	(328)
Inventories	(252)	(73)
Accounts payable	(278)	168
Other, net	(614)	97
Net cash provided by (used in) operating activities – continuing operations	(62)	1,082
Net cash provided by operating activities – discontinued operations	15	- -
Net cash provided by (used in) operating activities	(47)	1,082
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(690)	(202)
Acquisition of businesses, net of cash acquired	(1,043)	- -
Contributions and advances to affiliates	(36)	- -
Short-term investments	(169)	- -
Proceeds from the sale of assets	167	- -
Proceeds from insurance claims	71	- -
Other	4	1
Net cash used in investing activities	(1,696)	(201)
Cash flows from financing activities:		
Net borrowings under revolving credit facilities	2,171	- -
Proceeds from issuance of long-term debt	- -	1,115
Repayment of long-term debt	(333)	(2,335)
Dividends paid	- -	(291)
Proceeds from issuance of short-term debt	- -	1,317
Changes in restricted cash	- -	(1,317)
Other, net	(29)	(11)
Net cash provided by (used in) financing activities	1,809	(1,522)
Effect of exchange rate changes on cash	(3)	26
Increase (decrease) in cash and cash equivalents	63	(615)
Cash and cash equivalents at beginning of period	560	830
Cash and cash equivalents at end of period	$ 623	$ 215

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES AF S.C.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1. Basis of Presentation

LyondellBasell Industries AF S.C.A. (formerly known as Basell AF S.C.A.), (together with its consolidated subsidiaries, "LyondellBasell Industries" or "the Company"), was formed in the Grand Duchy of Luxembourg as a corporate partnership limited by shares in April 2005 by BI S.à r.l, a Luxembourg private limited liability company, affiliated with the Access Industries group ("Access").

The Company changed its name to LyondellBasell Industries AF S.C.A. in December 2007 following the acquisition of Lyondell Chemical Company ("Lyondell"). As a result of LyondellBasell Industries' acquisition of Lyondell, Lyondell's results of operations are consolidated prospectively from December 21, 2007 (see Note 5).

LyondellBasell Industries is a refiner of crude oil, including heavy, high-sulfur crude oil, a significant producer of gasoline blending components, a global manufacturer of chemicals and plastics and a licensor of technology processes.

The accompanying consolidated financial statements are unaudited and have been prepared from the books and records of LyondellBasell Industries in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X for interim financial information. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation have been included. For further information, refer to the audited consolidated financial statements for the years ended December 31, 2007 and 2006.

LyondellBasell Industries uses the first-in, first-out ("FIFO") method of accounting to determine inventory cost except for certain U.S. inventories for which the last-in, first-out ("LIFO") method of determining inventory costs is used for reporting for U.S. federal income taxation.

On September 1, 2008, LyondellBasell Industries completed the sale of its toluene diisocyanate ("TDI") business, including production assets in Pont-du-Claix, France, related inventories, contracts, customer lists and intellectual property. Beginning in the second quarter of 2008, LyondellBasell Industries has reclassified certain amounts previously reported in its consolidated statements of income and cash flows to present the operations of the TDI business as a discontinued operation (see Note 4). Assets held for sale and associated liabilities are not material to the consolidated balance sheets of LyondellBasell Industries. Unless otherwise indicated, information presented in the notes to the consolidated financial statements relates only to LyondellBasell Industries' continuing operations.

LyondellBasell Industries' consolidated balance sheet is highly levered and its available cash, access to additional capital and business and future prospects could be limited by its significant amount of debt and other financial obligations, restrictive loan covenants and the current condition of the capital markets. LyondellBasell Industries requires a significant amount of cash to service its indebtedness, and its ability to generate cash will depend on future operating performance, which could be affected by general economic, financial, competitive, legislative, regulatory, business and other factors, many of which are beyond its control.

The current global financial crisis and recessionary concerns have created substantial uncertainty for the global economy and the markets in which LyondellBasell Industries operates. The Company's markets are experiencing a softening of demand combined with continued unprecedented volatility in raw material costs. During the fourth quarter of 2008, polymer demand in major markets and spot prices for some of the Company's products have declined significantly. In addition, demand for gasoline in North America has declined substantially compared to the third quarter of 2007, which in turn has reduced the Company's margins in its fuels business. These conditions have also had a negative impact on trade credit available to the Company and its suppliers and customers.

1. Basis of Presentation – (Continued)

These conditions, which are expected to continue during the fourth quarter of 2008 and which may continue into 2009, could place further demands on the Company's liquidity particularly in the first quarter when it historically has had significant operating cash flow requirements for annual compensation costs, property taxes, annual insurance premiums and annual rebate payments to customers. In addition, LyondellBasell has two key debt compliance ratios based on EBITDA that the Company must continue to comply with in the fourth quarter of 2008 and in each quarter of 2009 and thereafter.

LyondellBasell Industries is taking steps to reduce costs, working capital and discretionary capital spending, including the temporary idling of one of its U.S. Gulf Coast ethylene facilities, representing 16 percent of its U.S. olefins capacity, and reduction of operating rates of certain integrated cracker operations as well as adjusting operating rates at its polymers facilities globally to optimize working capital requirements. Furthermore, the Company has expanded its synergy program to a broader, more substantial cost reduction program in anticipation of a potentially deeper economic downturn. As part of this program, LyondellBasell Industries is evaluating all of its strategic options with respect to asset utilization, including possible sales or other monetization of some assets, and a restructuring of the organization, including anticipated head count reductions of approximately 15 percent, to reduce costs. The Company expects full implementation of these programs within the next 12 to 18 months, but the benefits of these programs may not be realized until later periods. The Company expects to record a charge related to severance and related costs associated with the reorganization in the fourth quarter of 2008 and charges related to other costs associated with the potential impacts to the Company's assets as incurred.

LyondellBasell Industries believes that, with lower raw material costs, the post-hurricane restoration of substantially all of its U.S. Gulf Coast operations, the anticipated early December 2008 restart of the second coker unit at the Houston refinery, reduced capital expenditures and the implementation of its cost reduction initiatives, conditions will be such that the Company can comply with its debt covenants and that operating cash flows, together with availability under various liquidity facilities, will be adequate to meet anticipated future cash requirements, including scheduled debt service obligations, necessary capital expenditures and ongoing operations, for the foreseeable future. However, should demand for its products be significantly below the Company's expectations, unplanned plant outages occur or product margins compress below expectations, whether because raw material prices return to the high levels experienced in the first part of 2008 or otherwise, the Company's cash flow could be lower than expected or negative. While liquidity at the present time is adequate, a sustained lower-than-expected or negative cash flow could result in existing sources of liquidity not being adequate to fund operations and meet debt service requirements. Failure to comply with quarterly debt covenants will result in a default under the Company's loan agreements. See "Effects of Breach" in Note 14.

The consolidated financial statements of LyondellBasell Industries have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

2. Accounting and Reporting Changes

On April 25, 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") FAS 142-3, *Determination of the Useful Life of Intangible Assets*. This FSP amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, *Goodwill and Other Intangible Assets* in order to improve the consistency between the useful life of a recognized intangible asset under Statement No. 142 and the period of expected cash flows used to measure the fair value of the asset under FASB Statement No. 141 (Revised 2007), *Business Combinations*, and other U.S. generally accepted accounting principles. This FSP is effective for LyondellBasell Industries beginning in 2009. Early adoption is prohibited. LyondellBasell Industries does not expect the application of FSP 142-3 to have a material effect on its consolidated financial statements.

2. Accounting and Reporting Changes – (Continued)

In March 2008, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 161, *Disclosures about Derivative Instruments and Hedging Activities*, which amends and expands the disclosure requirements of SFAS No. 133 *Accounting for Derivative Instruments and Hedging Activities* by requiring qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of, and gains and losses on, derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. SFAS No. 161 will be effective for LyondellBasell Industries beginning in 2009. LyondellBasell Industries is currently evaluating the effect of SFAS No. 161 on its disclosures.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements – an amendment to ARB No. 51*, which establishes new accounting and disclosure requirements for noncontrolling, or minority, interests, including their classification as a separate component of equity and the adjustment of net income to include amounts attributable to minority interests. SFAS No. 160 also establishes new accounting standards requiring recognition of a gain or loss upon deconsolidation of a subsidiary. SFAS No. 160 will be effective for LyondellBasell Industries beginning in 2009, with earlier application prohibited.

Also in December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations*, which requires an acquiring entity to recognize all assets acquired and liabilities assumed in a transaction at the acquisition date at fair value with limited exceptions. SFAS No. 141 (revised 2007) will change the accounting treatment for certain specific items, including: expensing of most acquisition and restructuring costs; recording acquired contingent liabilities, in-process research and development and noncontrolling, or minority, interests at fair value; and recognizing changes in income tax valuations and uncertainties after the acquisition date as income tax expense. SFAS No. 141 (revised 2007) also includes new disclosure requirements. For LyondellBasell Industries, SFAS No. 141 (revised 2007) will apply to business combinations with acquisition dates beginning in 2009. Earlier adoption is prohibited.

Although certain past transactions, including the acquisition of Lyondell by LyondellBasell Industries, would have been accounted for differently under SFAS No. 160 and SFAS No. 141 (revised 2007), application of these statements in 2009 will not affect historical amounts.

SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115*, which permits election of fair value to measure many financial instruments and certain other items, was applicable to LyondellBasell Industries effective January 1, 2008. LyondellBasell Industries has elected not to apply the fair value option to any assets or liabilities.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. The new standard defines fair value, establishes a framework for its measurement and expands disclosures about such measurements. In February 2008, the FASB issued FASB Staff Position FAS 157-2, delaying the effective date of SFAS No. 157 for certain nonfinancial assets and liabilities until January 1, 2009. LyondellBasell Industries is currently evaluating the effect to its consolidated financial statements of prospectively applying the provisions of SFAS No. 157 to those assets and liabilities.

Implementation of the provisions of SFAS No. 157 to financial assets and liabilities beginning January 1, 2008 did not have a material effect on LyondellBasell Industries' consolidated financial statements.

2. Accounting and Reporting Changes – (Continued)

In October 2008, the FASB issued FSP FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for that Asset is Not Active*. FSP FAS 157-3, which is effective October 10, 2008, including prior periods for which financial statements have not yet been issued, provides guidance on the application of SFAS No. 157 in determining the fair value of a financial asset in the current financial environment when the market for that financial asset is not active. The application of FSP FAS 157-3 by LyondellBasell Industries did not have a material effect on its consolidated financial statements at September 30, 2008.

LyondellBasell Industries adopted the provisions of FASB Interpretation ("FIN") No. 48, *Accounting for Uncertainty in Income Taxes*, on January 1, 2007. The adoption of FIN No. 48 had no effect on LyondellBasell Industries' consolidated financial statements.

3. Hurricane Effects

During late August and mid-September 2008, two hurricanes, Gustav and Ike, disrupted U.S. Gulf Coast refining and chemical industry operations.

As a result of Hurricane Ike, LyondellBasell Industries incurred various costs that, to the extent they exceed the deductible amount under the relevant policies, will be subject to insurance reimbursements. Such costs, including costs incurred in conjunction with suspending operations at substantially all of its Gulf Coast plants, damage to facilities, including a $7 million pretax charge for impairment of the carrying value of assets, and costs to restore operations totaled $43 million as of September 30, 2008. Additional amounts, including damage to facilities, are currently estimated to range from $20 million to $60 million. This estimate includes the cost of restoring operations of a plant that has not yet restarted.

4. Discontinued Operations

On September 1, 2008, LyondellBasell Industries completed the sale of its TDI business, including production assets in Pont-du-Claix, France, related inventories, contracts, customer lists and intellectual property receiving net proceeds of €77 million ($113 million). The sales price will be adjusted based on the agreed upon value of working capital at the closing date. As stated above, the operations of the TDI business are presented as discontinued operations in the consolidated statements of income and cash flows.

4. Discontinued Operations – (Continued)

Amounts included in income from discontinued operations are summarized as follows:

Millions of dollars	Three months ended September 30, 2008	Nine months ended September 30, 2008
Sales and other operating revenues	$ 79	$ 282
Income (loss) from discontinued operation	$ 6	$ 35
Provision for income taxes	5	20
Income (loss) from discontinued operations, net of tax	$ 1	$ 15

The adjusted estimate of sales proceeds from the sale of the TDI business resulted in an increase in goodwill, net of tax effects, of $16 million (see Note 11).

5. Business Acquisitions

Acquisition of Shell Oil Refinery in Berre l'Etang, France—On April 1, 2008, LyondellBasell Industries acquired the Shell oil refinery, inventory and associated infrastructure and businesses at the Berre l'Etang petrochemical complex in France for a preliminary purchase price of $766 million subject to final adjustment of certain employee benefit matters. A cash payment at closing of $536 million included settlement of accrued contingent consideration of $112 million. The contingent consideration resulted from the 2005 acquisition of the remaining 50% of Société du Craqueur de l'Aubette S.A.S. ("SCA") from its previous joint venture partner Shell Pétrochimie Méditerranée. An additional cash payment for final adjustment of working capital of $373 million was paid during the third quarter 2008.

The refinery is a source of raw materials for, and will allow for vertical integration at, one of LyondellBasell Industries' core integrated European sites, which operates world-scale polypropylene and polyethylene plants, a steam cracker and a butadiene extraction unit at Berre l'Etang and a polyethylene plant at nearby Fos sur Mer. The acquisition will also allow optimization opportunities with LyondellBasell Industries' global fuels and chemicals businesses and provide LyondellBasell Industries with access to significant local logistics assets, including pipeline access, storage terminals and harbor access to the Mediterranean Sea. The refinery's products include naphtha, VGO, liquefied petroleum gas, fuels for a variety of applications, heating oil and bitumen.

Consolidation of the refinery's operations prospectively from April 1, 2008 added revenues of $1,136 million and $2,152 million, respectively, and net loss of $24 million and net income of $52 million, respectively, to results of operations for the three and nine months ended September 30, 2008. Information is not available about the results of operations of the refinery prior to acquisition by LyondellBasell Industries.

The purchase price allocations used in the preparation of the September 30, 2008 financial statements are preliminary due to the continuing analyses relating to the determination of the fair values of the assets and liabilities acquired. Any further changes to the estimates of fair value of net assets acquired would result in additional adjustments to assets and liabilities and corresponding adjustments to goodwill. Management does not expect the finalization of these matters to have a material effect on the allocation.

5. Business Acquisitions– (Continued)

Acquisition of Solvay Engineered Polymers—On February 29, 2008, LyondellBasell Industries acquired Solvay Engineered Polymers, Inc. ("Solvay"), a leading supplier of polypropylene compounds in North America for \$134 million. The acquisition of Solvay complements LyondellBasell Industries' existing polymer-based composite materials and alloys business in North America.

Acquisition of Lyondell Chemical Company—On December 20, 2007, LyondellBasell Industries, through a wholly owned subsidiary, acquired the outstanding common shares of Lyondell. As a result, Lyondell became an indirect wholly owned subsidiary of LyondellBasell Industries. The results of operations of Lyondell are included in LyondellBasell Industries' Consolidated Financial Statements prospectively from December 21, 2007.

The purchase price allocations used in the preparation of the September 30, 2008 financial statements are preliminary due to the continuing analyses relating to the determination of the fair values of the assets and liabilities acquired. Based upon additional information received to date, the fair value of the assets and liabilities acquired were adjusted during the nine month period ended September 30, 2008. The adjustments and their effect on goodwill for the first nine months ended September 30, 2008 are summarized in Note 11. Any further changes to the estimates of fair value of net assets acquired would result in additional adjustments to assets and liabilities and corresponding adjustments to goodwill. Management does not expect the finalization of these matters to have a material effect on the allocation.

6. Insurance Claims

During the nine months ended September 30, 2008, LyondellBasell Industries received proceeds of \$71 million representing partial settlement of outstanding insurance claims related to damages sustained in 2005 at the polymers plant in Münchmünster, Germany. Also on October 14, 2008, LyondellBasell Industries received proceeds related to these claims of \$18 million. The proceeds from these claims are being used to finance the construction of a new polyethylene plant in Münchmünster, Germany (see Note 18). As a result, gains on involuntary conversion of \$18 million and \$79 million are included in "Other income, net," in the consolidated statements of income for the three and nine months ended September 30, 2008, respectively.

7. Investment in PO Joint Ventures

LyondellBasell Industries, together with Bayer AG and Bayer Corporation (collectively "Bayer"), share ownership in a U.S. propylene oxide ("PO") manufacturing joint venture (the "U.S. PO Joint Venture") and a separate joint venture for certain related PO technology. Bayer's ownership interest represents ownership of 1.6 billion pounds of annual in-kind PO production of the U.S. PO Joint Venture. LyondellBasell Industries takes in kind the remaining PO production and all co-product (styrene monomer ("SM" or "styrene")) and tertiary butyl alcohol ("TBA") production from the U.S. PO Joint Venture.

In addition, LyondellBasell Industries and Bayer each have a 50% interest in a separate manufacturing joint venture (the "European PO Joint Venture"), which includes a world-scale PO/SM plant at Maasvlakte near Rotterdam, The Netherlands. LyondellBasell Industries and Bayer each are entitled to 50% of the PO and SM production at the European PO Joint Venture.

7. Investment in PO Joint Ventures– (Continued)

Changes in LyondellBasell Industries' investment in the U.S. and European PO joint ventures for the nine-month period ended September 30, 2008 are summarized as follows:

Millions of dollars	U.S. PO Joint Venture	European PO Joint Venture	Total PO Joint Ventures
Investment in PO joint ventures – January 1, 2008	$ 564	$ 414	$ 978
Cash contributions	9	27	36
Depreciation and amortization	(30)	(16)	(46)
Effect of exchange rate changes	- -	(10)	(10)
Investment in PO joint ventures – September 30, 2008	$ 543	$ 415	$ 958

8. Equity Investments

The changes in equity investments are as follows for the nine months ended September 30:

Millions of dollars	2008	2007
Beginning balance	$ 1,259	$ 1,102
Income from equity investments	94	113
Dividends received	(57)	(114)
Sale of Machino-Basell India Ltd.	- -	(4)
Currency exchange effects	(11)	40
Other	21	27
Ending balance	$ 1,306	$ 1,164

Summarized balance sheet information and the Company's share of equity investments was as follows:

Millions of dollars	September 30, 2008		December 31, 2007	
	100%	Company Share	100%	Company Share
Current assets	$ 3,333	$ 1,135	$ 3,205	$ 1,048
Noncurrent assets	6,713	1,935	5,701	1,661
Total assets	10,046	3,070	8,906	2,709
Current liabilities	1,891	733	1,745	656
Noncurrent liabilities	3,995	1,031	3,099	800
Net assets	$ 4,160	$ 1,306	$ 4,062	$ 1,253

8. Equity Investments – (Continued)

Summarized income statement information and the Company's share for the periods for which the respective equity investments were accounted for under the equity method is set forth below:

	For the three months ended September 30,			
	2008		2007	
Millions of dollars	100%	Company Share	100%	Company Share
Revenues	$ 2,146	$ 682	$ 1,393	$ 488
Cost of sales	(1,893)	(631)	(1,173)	(420)
Gross profit	253	51	220	68
Net operating expenses	(162)	(34)	(81)	(18)
Operating profit	91	17	139	50
Interest income	4	4	6	1
Interest expense	(12)	(5)	(17)	(6)
Other income, net	(11)	2	- -	- -
Income from equity investments	2	- -	5	1
Income before income taxes	74	18	133	46
Provision for income taxes	(3)	4	(31)	(11)
Net income	$ 71	$ 22	$ 102	$ 35

	For the nine months ended September 30,			
	2008		2007	
Millions of dollars	100%	Company Share	100%	Company Share
Revenues	$ 5,891	$ 2,126	$ 4,095	$ 1,428
Cost of sales	(5,225)	(1,940)	(3,412)	(1,219)
Gross profit	666	186	683	209
Net operating expenses	(325)	(79)	(245)	(54)
Operating profit	341	107	438	155
Interest income	10	6	17	5
Interest expense	(36)	(16)	(44)	(18)
Other income, net	- -	9	(2)	(1)
Income from equity investments	15	3	27	8
Income before income taxes	330	109	436	149
Provision for income taxes	(58)	(15)	(102)	(36)
Net income	$ 272	$ 94	$ 334	$ 113

9. Accounts Receivable

LyondellBasell Industries has a $1,150 million accounts receivable securitization facility, which matures in December 2012. Pursuant to the facility, LyondellBasell Industries sells, through a wholly owned, bankruptcy-remote subsidiary, on an ongoing basis and without recourse, interests in a pool of U.S. accounts receivable to financial institutions participating in the facility. LyondellBasell Industries is responsible for servicing the receivables. As of September 30, 2008 and December 31, 2007, the amounts of outstanding receivables sold under the facility were $975 million and $1,000 million, respectively. For a discussion of LyondellBasell Industries' other accounts receivable securitization programs, see Note 12.

9. Accounts Receivable – (Continued)

The Accounts Receivable Securitization Facility was amended effective May 6, 2008 to conform to certain amendments to the Senior Secured Credit Facility and make other changes, including technical and typographical corrections (see Note 14).

LyondellBasell Industries had a trade accounts receivable balance of $4,038 million and $3,889 million as of September 30, 2008 and December 31, 2007, respectively. These balances were net of an allowance for doubtful accounts receivable, which is reflected in the Consolidated Balance Sheets as a reduction of accounts receivable, of $80 million and $62 million at September 30, 2008 and December 31, 2007, respectively.

10. Inventories

Inventories consisted of the following components:

Millions of dollars	September 30, 2008	December 31, 2007
Finished goods	$ 3,411	$ 3,260
Work-in-process	236	248
Raw materials and supplies	2,288	1,670
Total inventories	$ 5,935	$ 5,178

11. Property, Plant and Equipment and Goodwill

The components of property, plant and equipment, at cost, and the related accumulated depreciation were as follows:

Millions of dollars	September 30, 2008	December 31, 2007
Land	$ 342	$ 282
Manufacturing facilities and equipment	17,239	17,037
Construction in progress	1,179	721
Total property, plant and equipment	18,760	18,040
Less accumulated depreciation	(2,014)	(894)
Property, plant and equipment, net	$ 16,746	$ 17,146

Depreciation and amortization expense is summarized as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
Millions of dollars	2008	2007	2008	2007
Property, plant and equipment	$ 404	$ 87	$ 1,187	$ 266
Investment in PO joint ventures	15	- -	46	- -
Technology, patent and license costs	22	11	81	50
Software costs	4	2	9	10
Other	27	- -	87	- -
Total depreciation and amortization	$ 472	$ 100	$ 1,410	$ 326

11. Property, Plant and Equipment and Goodwill – (Continued)

The increases in depreciation and amortization in the three and nine months ended September 30, 2008 primarily reflected the acquisition of Lyondell.

LyondellBasell Industries believes that there are asset retirement obligations associated with some of its facilities, but that the present value of those obligations normally is not material in the context of an indefinite expected life of the facilities. LyondellBasell Industries continually reviews the optimal future alternatives for its facilities. Any decision to retire one or more facilities would result in an increase in the present value of such obligations. The liabilities that had been recognized for all asset retirement obligations were $121 million and $144 million at September 30, 2008 and December 31, 2007, respectively.

The following table summarizes the changes to LyondellBasell Industries' goodwill during the nine months ended September 30, 2008, by reportable segment. LyondellBasell Industries' reportable segments include fuels, chemicals, polymers and technology and R&D (see Note 21):

Millions of dollars	Fuels	Chemicals	Polymers	Total
Goodwill at January 1, 2008	$ 2,300	$ 2,697	$ 250	$ 5,247
Acquisition of Solvay Engineered Polymers	- -	- -	75	75
Acquisition of Lyondell:				
Adjustments to the estimated fair value of contracts	(47)	(84)	- -	(131)
Adjustments to property, plant and equipment and other assets and liabilities	5	51	(5)	51
Realization of deferred tax assets	- -	(18)	- -	(18)
Adjustments to estimated income and other taxes	16	(116)	(1)	(101)
Other	1	- -	- -	1
	(25)	(167)	69	(123)
Goodwill at September 30, 2008	$ 2,275	$ 2,530	$ 319	$ 5,124

Based on information obtained during the nine-month period ended September 30, 2008, the fair value of the Lyondell assets and liabilities acquired as of December 20, 2007 was adjusted resulting in a decrease in goodwill, net of tax effects, of $199 million. See Note 5.

LyondellBasell Industries evaluates the carrying value of goodwill and other intangible assets in the fourth quarter of each year to test whether the carrying amounts may exceed fair value. The Company has experienced declines in its operating results during 2008. Continuing adverse changes in the Company's future estimated operating results compared to the estimated operating results on the date of acquisition, when the goodwill and intangible assets were recorded, could result in non-cash impairment charges in the future related to the goodwill and the intangible asset valuations.

12. Short-Term Debt and Restricted Cash

Millions of dollars	September 30, 2008	December 31, 2007
Structured Finance Transaction	$ 1,432	$ 1,471
Receivables securitization programs	952	868
Financial payables to equity investees	12	13
Other	69	63
Total short-term debt	$ 2,465	$ 2,415
Restricted cash:		
Cash restricted under Structured Finance Transaction	$ 1,432	$ 1,471

Structured Financing—In July 2007, the Company entered into a structured financing transaction with a European bank (the "Bank"). Upon closing, Basell Funding S.à r.l., Luxembourg, ("BFS") granted to BAFB B.V. ("BAFB"), the Netherlands, Dutch *certificaten van aandelen* ("Certificates") with respect to 50 fixed-return preferred shares issued by Basell Holdings B.V., Netherlands ("BH") for a consideration of € 1,000 million ($1,344 million). The Certificates gave BAFB the right to receive from LyondellBasell Industries dividends and other distributions that BFS received from BH in relation to the preferred shares. BAFB was incorporated by the Bank with ordinary shares of € 1,000 million. LyondellBasell Industries and the Bank further entered into a put and call option agreement with respect to the shares of BAFB whereby at any moment at their respective sole discretion either LyondellBasell Industries could call or the Bank could put the shares of BAFB for a purchase price of € 1,000 million. As a consequence of this arrangement LyondellBasell Industries was deemed to control BAFB. The majority of BAFB's stock was owned by the Bank and the Bank acted as its managing director. The Company invested the proceeds in a pledged deposit with an affiliate of the Bank bearing interest at floating market rates which were swapped to a fixed rate of interest through an interest rate swap. On September 29, 2008, the Company exercised its option to call the BAFB shares. On October 15, 2008, the Company redeemed the BAFB shares using the restricted cash of €1,000 million ($1,363 million) and terminated the related interest rate swap, resulting in the recognition of a non-cash charge to interest of $55 million. The Company did not incur breakage costs related to the termination of this transaction.

Receivables Securitization Programs—LyondellBasell Industries has two additional accounts receivable securitization programs, which provide additional funding up to €620 million ($889 million) and $200 million, respectively, to certain European and U.S. subsidiaries. Transfers of accounts receivable under these programs do not qualify as sales; therefore, the transferred accounts receivable and the proceeds received through such transfers are included in trade receivables, net, and short-term debt in the consolidated balance sheets.

In August 2008, Standard and Poor's downgraded the LyondellBasell Industries corporate credit rating from B+ to B. As a result, LyondellBasell Industries has daily reporting requirements under the €620 million accounts receivable securitization program, which could impact the availability of funds under the facility in the future.

During the third quarter 2008, LyondellBasell Industries obtained amendments to the $200 million accounts receivable securitization program that, among other things, increased pricing under the agreement. In April 2008, LyondellBasell Industries obtained amendments to its €620 million accounts receivable securitization program to add additional subsidiaries of LyondellBasell Industries as sellers under the programs.

13. Accounts Payable

Accounts payable at September 30, 2008 and December 31, 2007 included liabilities in the amount of $19 million and $17 million, respectively, for checks issued in excess of associated bank balances, but not yet presented for collection.

14. Long-Term Debt

Loans, notes, debentures and other long-term debt due to banks and other unrelated parties consisted of the following:

Millions of dollars	September 30, 2008	December 31, 2007
Bank credit facilities:		
Senior secured credit facility:		
Term loan A due 2013		
U.S. tranche	$ 1,447	$ 1,500
Dutch tranche	482	500
Term loan B due 2014		
U.S. tranche ($67 million of discount)	7,427	7,475
German tranche, €1,300 million	1,849	1,894
$1,000 million revolving credit facility	860	- -
$1,600 million Senior Secured Inventory-Based Credit Facility	1,293	100
Interim Loan	8,000	8,000
Senior Notes, due 2015, $615 million	615	615
Senior Notes, due 2015, €500 million	717	736
Guaranteed Notes, due 2027	300	300
Debentures due 2010, 10.25% ($3 million of premium)	103	104
Debentures due 2020, 9.8% ($3 million of discount)	222	222
Debentures due 2026, 7.55% ($20 million of discount)	130	129
Senior Debentures due 2026, 7.625% ($69 million of discount)	172	170
Convertible Senior Debentures due 2023, 4%	--	158
Other	64	97
Total	23,681	22,000
Less current maturities	(1,478)	(459)
Long-term debt	$ 22,203	$ 21,541

Revolving Credit Facility with Access—In March 2008, LyondellBasell Industries entered into a senior unsecured $750 million, eighteen-month revolving credit facility, which may be extended by mutual agreement of the parties. Two subsidiaries of LyondellBasell Industries are borrowers under the facility. The $750 million revolving credit facility is in addition to the existing credit facilities available to LyondellBasell Industries, and is provided by Access Industries Holdings, LLC, an affiliate of Access. The revolving credit facility has substantially the same terms as the Senior Secured Credit Facility, except that it is unsecured and is not guaranteed by the subsidiaries of LyondellBasell Industries.

14. Long-Term Debt – (Continued)

As of September 30, 2008, there were no borrowings outstanding under the facility. At each borrower's option, loans under the revolving credit facility bear interest at rates equal to LIBOR plus 6% or the higher of the (i) federal funds rate plus 0.5% and (ii) the prime rate, plus, in each case, 5%. Interest rates may be adjusted, from time to time, based upon the First Lien Senior Secured Leverage Ratio as calculated at such time and as further described in the revolving credit facility.

Debt Agreement Amendments—Under the terms of the financing for the Lyondell acquisition, the joint lead arrangers ("JLAs") retained the right to flex certain provisions of the financing, including pricing and the reallocation and retranching of the Term Loans. Effective April 30, 2008, the JLAs exercised the price flex provisions and, in conjunction with the exercise, the Senior Secured Credit Facility was amended to (i) convert each of the U.S. Tranche B Dollar Term Loan and the German Tranche B Euro Term Loan into three separate tranches, some of which tranches are subject to a prepayment penalty, (ii) increase interest rates and fee rates by 0.5%, (iii) establish a LIBOR floor of 3.25% on the U.S. Tranche B Dollar Term Loan, (iv) modify certain debt covenants, including increasing a general debt basket from $750 million to $1,000 million, eliminating an interest rate hedging requirement, increasing the asset backed facility basket by $500 million, and adding a covenant prohibiting reduction of aggregate commitments under the Revolving Credit Facility with Access Industries Holdings LCC before its initial maturity, (v) amend the calculation of Consolidated EBITDA, as defined, for the purpose of determining compliance with the debt requirements, to reflect adjustments to present 2007 cost of sales in accordance with FIFO inventory accounting, and (vi) make other changes, including technical and typographical corrections.

In conjunction with the exercise by the JLAs of their flex rights, additional amendments were made to each of the Interim Loan, Senior Secured Inventory-Based Credit Facility, Revolving Credit Facility with Access Industries and Accounts Receivable Securitization Facility. The amendments to the Interim Loan and Senior Secured Inventory-Based Credit Facility and the Revolving Credit Facility with Access Industries were effective on April 30, 2008. The amendments to the Accounts Receivable Securitization Facility were effective on May 6, 2008.

Each of the Interim Loan, the Senior Secured Inventory-Based Credit Facility, the Accounts Receivable Securitization Facility and Revolving Credit Facility with Access Industries were amended to (i) conform to certain of the amendments to the Senior Secured Credit Facility and (ii) make other changes, including technical and typographical corrections. In addition, the Senior Secured Inventory-Based Credit Facility was amended to allow LyondellBasell Industries the future option to increase the aggregate amount of commitments under the facility by a further $500 million.

Under the terms of the Senior Secured Inventory-Based Credit Facility, as amended, Lyondell could elect to increase commitments under the facility by up to an aggregate $1,100 million. Effective April 30, 2008, Lyondell exercised the option to increase the facility by $600 million and, as a result, aggregate commitments under the facility increased from $1,000 million to $1,600 million. Concurrent with the exercise of the increase in commitments, Lyondell Chemical Company became a lien grantor and added the following as collateral: (i) a first priority pledge of all equity interests owned by Lyondell Chemical Company in, and all indebtedness owed to it by, LyondellBasell Receivables I, LLC (the seller under the Accounts Receivable Securitization Facility) and (ii) a first priority security interest in all accounts receivable, inventory and related assets owned by Lyondell Chemical Company, subject to customary exceptions.

14. Long-Term Debt – (Continued)

Interim Loan and Amendments—The Interim Loan, together with proceeds from borrowings under the Senior Secured Credit Facility, was used to finance the acquisition of Lyondell. If not repaid or exchanged prior to the 12 months tenure, the Interim Loan converts to an extended senior secured loan in December 2008 and is due June 2015. Prior to giving effect to the amendments discussed below, the Interim Loan bore interest at LIBOR plus an initial margin of 4.625%, which margin increased by 0.5% in each of June 2008 and September 2008 and increases by 0.5% for each three-month period thereafter, subject to a maximum interest rate of 12% per annum (or 12.5% in the event of certain rating declines) (the "Applicable Margin").

Through a series of actions, the validity of which LyondellBasell Industries disputed, the JLAs (as defined below) had attempted to increase the applicable rate under the Interim Loan to 12% per annum. Since June 16, 2008, LyondellBasell Industries had been paying 12% interest, which was approximately 4% higher than the applicable rate under the Interim Loan as at June 30, 2008, in order to avoid any allegation of default by the lenders. LyondellBasell Industries had protested the higher rate of interest and had reserved its right to recover any such amounts based upon a determination that the JLAs' attempt to impose a rate increase is not supported by the terms of the applicable loan documentation.

On October 17, 2008, the agreement governing the Interim Loan was amended and restated. Under the amended and restated agreement, the $8 billion principal amount of initial loans outstanding were retranched into:

(a) $3.5 billion of fixed rate second lien loans, which bear interest at a rate equal to 12% per annum (12.5% in the case of certain ratings downgrades),

(b) $2.0 billion of floating rate second lien loans and

(c) $2.5 billion of floating rate third lien loans.

All of the floating rate loans bear interest at a rate equal to LIBOR (in the case of U.S. dollar loans) or EURIBOR (in the case of euro loans) plus the Applicable Margin.

The economic impact of the interest rates applicable to the retranched loans is effective as of June 16, 2008.

The amendments also include provisions allowing lenders

(i) within 180 days after October 17, 2008, to convert retranched fixed rate second lien loans into fixed rate second lien notes or a combination of fixed rate second lien notes and up to $1 billion in aggregate principal amount of fixed rate third lien notes and/or fixed rate unsecured notes (and pursuant to a notice provided by the lenders on October 17, 2008, all of the fixed rate second lien loans will automatically convert into fixed rate second lien notes if no election is made by the lenders to convert a portion of the fixed rate second lien loans to fixed rate third lien or unsecured notes within this 180-day period) and

(ii) following the time that the fixed rate second lien loans have been converted into exchange notes and certain lenders under the amended and restated agreement hold, in aggregate, less than $950 million of such notes, to convert new floating rate second lien loans into fixed rate second lien notes and to convert new floating rate third lien loans into fixed rate third lien notes and/or fixed rate unsecured notes. In all such cases, the exchange notes will bear interest at a rate equal to 12% per annum (12.5% in the case of certain ratings downgrades), may be denominated in euro or dollars, and will have maturity dates between June 2015 and December 2019.

14. Long-Term Debt – (Continued)

In addition, the amendments include revisions to some of the terms of the exchange notes to make them consistent, in some instances, with similar provisions of the senior secured credit facility. The amendments also make other changes, including technical and typographical corrections. Through September 30, 2008, LyondellBasell Industries pre-paid fees of $43 million in connection with this amendment, which will be expensed in the fourth quarter of 2008.

In May 2008, an affiliate of Access, which indirectly owns LyondellBasell Industries, entered into a swap, with one of the JLAs based on a notional amount of $1.6 billion of the Interim Loan. Under the swap, Access will receive a single payment at maturity determined with reference to the payments made by LyondellBasell Industries on the Interim Loan prior to maturity. Access's obligations under the swap are partly collateralized with collateral posted by Access or its affiliates (excluding LyondellBasell Industries and its subsidiaries). Neither LyondellBasell Industries nor its affiliates are a party to this transaction.

Effects of a breach— A breach of its covenants or the failure to pay principal and interest when due under any of the indenture for the notes, Interim Loan, Senior Secured Credit Facilities, Access Revolving Credit Facility, Asset-Based Facilities or its other indebtedness could result in a default or cross-default under all or some of those instruments. If any such default or cross-default occurs, the applicable lenders may elect to declare all outstanding borrowings, together with accrued interest and other amounts payable thereunder, to be immediately due and payable. In such circumstances, the lenders under the Senior Secured Credit Facilities, the Access Revolving Credit Facility and the Senior Secured Inventory-Based Credit Facility also have the right to terminate any commitments they have to provide further borrowings, and the counterparties under the Accounts Receivable Facility, as well as under legacy Basell U.S. and European securitization programs, may terminate further purchases of interests in accounts receivable and receive all collections from previously sold interests until they have collected on their interests in those receivables, thus reducing the entity's liquidity. In addition, following such an event of default, the lenders under the Senior Secured Credit Facilities and the counterparties under the Senior Secured Inventory-Based Credit Facility have the right to proceed against the collateral granted to them to secure the obligations, which in some cases includes its available cash. If the obligations under the indenture for the notes, Interim Loan, Senior Secured Credit Facilities, the Access Revolving Credit Facility, the Asset-Based Facilities or any other material financing arrangement were to be accelerated, it is not likely that the obligors would have, or be able to obtain, sufficient funds to make these accelerated payments, and as a result LyondellBasell Industries or one or more of its subsidiaries could be forced into bankruptcy or liquidation.

Other—In the first nine months of 2008, LyondellBasell Industries made quarterly amortization payments of $53 million and $17 million, respectively, on the U.S. Tranche A Dollar Term Loan and the Dutch Tranche A Dollar Term Loan and $57 million and $15 million, respectively, on the U.S. Tranche B Dollar Term Loan and the German Tranche Euro B Term Loan.

Also, in the first quarter 2008, Lyondell repaid the remaining $31 million principal amount due under notes that were called in 2007 but were not tendered until the first quarter 2008, and paid premiums totaling $2 million. During the first quarter 2008, Lyondell repaid the remaining $158 million of 4% convertible debentures.

Amortization of debt premiums, including adjustments to fair values included in accounting for the acquisition of Lyondell, and debt issuance costs resulted in expenses of $54 million and $3 million for the three-month periods ended September 30, 2008 and 2007, respectively, and $165 million and $7 million for the nine-month periods ended September 30, 2008 and 2007, respectively that were included in interest expense in the Consolidated Statements of Income. The increase is due primarily to the debt incurred in relation to the acquisition of Lyondell.

15. Financial Instruments and Derivatives

Foreign Currency Risk Management—The Company enters into transactions denominated in other than the functional currency and is, therefore, exposed to foreign currency risk on receivables and payables. The Company maintains risk management control systems intended to monitor foreign currency risk attributable to both the outstanding foreign currency balances and future commitments. The risk management control systems involve the centralization of foreign currency exposure management, the offsetting of exposures and the estimating of expected impacts of changes in foreign currency rates on the Company's earnings. The Company enters into foreign currency forward contracts to reduce the effects of the Company's net currency exchange exposures. For the periods ended September 30, 2008 and 2007, other income, net in the Consolidated Statements of Income reflected $3 million and $8 million, respectively, in exchange rate losses.

Commodity Price Risk Management—LyondellBasell Industries is exposed to commodity price volatility related to anticipated purchases of natural gas, crude oil and other raw materials and sales of its products. LyondellBasell Industries selectively uses commodity swap, option, and futures contracts with various terms to manage the volatility related to these risks. Such contracts are generally limited to durations of one year or less. Cash-flow hedge accounting is normally elected for these derivative transactions; however, in some cases, when the duration of a derivative is short, hedge accounting is not elected. When hedge accounting is not elected, the changes in fair value of these instruments are recorded in earnings. When hedge accounting is elected, gains and losses on these instruments are deferred in accumulated other comprehensive income ("AOCI") until the underlying transaction is recognized in earnings.

LyondellBasell Industries entered into futures contracts in the first nine months of 2008, with respect to sales of gasoline and heating oil. These futures transactions were not designated as hedges, and the changes in the fair value of the futures contracts were recognized in earnings. During the first nine months of 2008, LyondellBasell Industries settled futures positions of 594 million gallons and 194 million gallons, respectively, of gasoline and heating oil, which resulted in net gains of $1 million and $8 million, respectively.

At September 30, 2008, futures contracts for 27 million gallons of gasoline in the notional amount of $67 million, maturing from November 2008 through January 2009, were outstanding. The fair value, based on quoted market prices, resulted in net receivables of $5 million and $1 million, respectively, at September 30, 2008 and December 31, 2007.

Also during the first nine months of 2008, LyondellBasell Industries entered into commodity swaps with respect to purchases of crude oil and sales of distillates, which mature in the period from October 2008 through April 2009. These swaps were designated as cash flow hedges. Accordingly, changes in the fair value of these commodity swaps are deferred in AOCI until the underlying transaction occurs. During the first nine months of 2008, LyondellBasell Industries settled futures positions of 2 million barrels, which resulted in a net gain of $8 million. At September 30, 2008 swaps for 5 million barrels in the notional amount of $179 million were outstanding. The fair value, based on quoted market prices, resulted in a net receivable of $87 million at September 30, 2008.

Interest Rate Risk Management—During the first nine months of 2008, LyondellBasell Industries entered into interest rate swap agreements, maturing in 2013, in the notional amount of $2,350 million. Settlements under those agreements will begin in April 2009. These interest rate swaps have been designated as cash-flow hedges of the interest cash flows that will occur between April 2009 and 2013 and effectively convert a portion of LyondellBasell Industries' variable rate, long-term debt to fixed rate debt for the period of the hedge. The variable portion of the interest rate will be converted to a fixed rate ranging from 3.9% to 4.6%. The fair value of these interest rate swap agreements resulted in a payable of $22 million at September 30, 2008.

15. Financial Instruments and Derivatives – (Continued

As of September 30, 2008, the Company had an outstanding interest rate swap as part of the Structured Finance Transaction in the notional amount of €1,000 million ($1,432 million) converting a fixed-rate deposit to a floating rate to match the floating-rate borrowing of an equivalent amount. The interest rate swap which was accounted for as a hedge was terminated on September 29, 2008. As a result, on October 15, 2008, the interest rate swap was settled, resulting in non-cash charges related to interest of $55 million in the three and nine months ended September 30, 2008 (See Notes 12 and 20).

The Company entered into a cross-currency interest rate swap for a principal amount of $365 million in conjunction with the issuance of its $615 million Senior Notes due 2015. The swap involves the payment of fixed interest and, upon maturity, principal amounts in euro in exchange for corresponding receipts in U.S. dollars. This swap was not designated as a hedge; therefore, the changes in fair value are recognized in the Consolidated Statements of Income in "Other income, net."

The following table summarizes financial instruments outstanding as of September 30, 2008 that are measured at fair value on a recurring basis and the bases used to determine their fair value in the consolidated balance sheets.

Millions of dollars	Notional Amount	Total	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Assets at fair value:					
Derivatives:					
Purchases of crude oil and sales of distillates	$ 179	$ 87	$ --	$ 87	$ --
Gasoline and heating oil	67	5	5	--	--
	$ 246	$ 92	$ 5	$ 87	$ --
Liabilities at fair value:					
Derivatives:					
Interest rate swaps	$ 2,350	$ 22	$ --	$ 22	$ --
Cross currency swaps	365	--	--	--	--
Total return swaps	54	9	9	--	--
	$ 2,769	$ 31	$ 9	$ 22	$ --

The recent volatility in global financial markets has created a considerable amount of uncertainty as major financial institutions undergo financial difficulties. LyondellBasell is monitoring the risk of nonperformance by the counterparties to these financial instruments.

As a result of financial difficulties experienced by major financial institutions beginning in the latter part of the third quarter of 2008, LyondellBasell Industries received notice that rights of redemption had been suspended with respect to a money market fund in which LyondellBasell Industries invested approximately $174 million. As of October 31, 2008, LyondellBasell Industries had received $89 million and has been advised that additional redemptions are forthcoming. Based on publicly available information, LyondellBasell Industries has recorded a provision for an estimated loss of $5 million related to the money market fund and reclassified $169 million from cash and cash equivalents to short-term investments as of September 30, 2008.

16. Pension and Other Postretirement Benefits

Net periodic pension benefits included the following cost components:

	For the three months ended September 30, 2008		For the three months ended September 30, 2007	
Millions of dollars	U.S.	Non-U.S.	U.S.	Non-U.S.
Service cost	$ 12	$ 9	$ 2	$ 7
Interest cost	27	12	4	12
Expected return on plan assets	(32)	(11)	(4)	(6)
Curtailments and settlements	- -	- -	- -	(4)
Amortization	(1)	(2)	- -	- -
Net periodic pension benefit cost	$ 6	$ 8	$ 2	$ 9

	For the nine months ended September 30, 2008		For the nine months ended September 30, 2007	
Millions of dollars	U.S.	Non-U.S.	U.S.	Non-U.S.
Service cost	$ 37	$ 27	$ 6	$ 11
Interest cost	79	32	12	17
Expected return on plan assets	(96)	(25)	(13)	(8)
Curtailments and settlements	- -	- -	(32)	(8)
Amortization	(1)	- -	- -	- -
Net periodic pension benefit cost	$ 19	$ 34	$ (27)	$ 12

Net periodic other postretirement benefits included the following cost components:

	For the three months ended September 30, 2008		For the three months ended September 30, 2007	
Millions of dollars	U.S.	Non-U.S.	U.S.	Non-U.S.
Service cost	$ 2	$ 2	$ - -	$ 4
Interest cost	6	- -	1	(2)
Curtailments and settlements	- -	- -	- -	4
Amortization	(2)	- -	- -	- -
Net periodic benefit cost	$ 6	$ 2	$ 1	$ 6

	For the nine months ended September 30, 2008		For the nine months ended September 30, 2007	
Millions of dollars	U.S.	Non-U.S.	U.S.	Non-U.S.
Service cost	$ 5	$ 7	$ 1	$ 5
Interest cost	16	- -	3	- -
Curtailments and settlements	- -	- -	(1)	- -
Amortization	(5)	- -	(4)	- -
Net periodic benefit cost	$ 16	$ 7	$ (1)	$ 5

16. Pension and Other Postretirement Benefits – (Continued)

In the third quarter of 2008, LyondellBasell Industries announced that it would amend the existing U.S. defined benefit plans of Lyondell Chemical Company and Equistar Chemicals, LP effective January 1, 2009. Under this change, which was approved by management in July 2008, retirement benefits for affected employees will be based on a cash balance formula. As a result of the amendment, the affected plans were remeasured as of September 30, 2008, resulting in a reduction of the projected benefit obligation of $113 million due to the plan amendment and $77 million due to an increase in the discount rate. The declining market values resulted in a decrease of $154 million in plan assets at September 30, 2008. The discount rate used to determine the projected benefit obligation at September 30, 2008 was 7.5%, compared to 6.25% used at December 31, 2007. The net increase in the funded status of the plans is reflected as a credit in Accumulated Other Comprehensive Income at September 30, 2008 and will be recognized as a reduction in net periodic pension costs beginning in the fourth quarter of 2008.

The assumptions used in the re-measurement of the affected benefit plans were as follows at September 30:

	2008	2007
Discount rate	7.50%	6.25%
Expected return on plan assets	8.00%	8.00%
Rate of compensation increase	4.50%	4.50%

The decrease in the fair value of the amended plans' assets and the increase in the discount rate reflected the significant turmoil in financial markets since December 31, 2007 that included declines in asset values and increases in corporate bond yields. The decrease in the value of the amended plans' assets represented a decrease of approximately 17% since December 31, 2007. LyondellBasell Industries has other pension plans, which are remeasured annually at December 31 and, absent changes in financial market conditions, are subject to decreases in plan asset values and increases in discount rates

Pension Claim—Two legacy Basell subsidiaries, Basell UK Ltd and Basell Polyolefins UK Ltd were subject to a claim totaling £40.6 million related to exit fees charged by two UK pension funds of a former shareholder. The claims were made following the termination of the membership of these two subsidiaries in these funds in connection with the 2005 acquisition of Basell by Access. These claims were net settled with the two pension funds for £17 million on August 20, 2008. LyondellBasell Industries has initiated arbitration proceedings against its former shareholder for indemnification of the net settlement amount.

17. Income Taxes

During the nine months ended September 30, 2008, LyondellBasell Industries had an estimated effective income tax rate of 45% resulting in a tax benefit of $119 million on a pretax loss of $265 million. The estimated effective income tax rate primarily reflected the effect of income from equity investments and a $14 million accrual for uncertain tax positions resulting from proposed French tax audit adjustments of the years 2001 to 2004 during the nine months ended September 30, 2008.

LyondellBasell Industries is currently undergoing tax audits in several jurisdictions including Germany, France, Italy and Belgium. As part of the Belgian tax audit, the tax authorities issued a letter dated October 23, 2008, proposing to disallow the use by Basell Polyolefins of approximately €63 million ($90 million) of net operating losses. As Basell Polyolefins had previously obtained a ruling from the tax authorities that the use of these net operating losses was permissible, no provision has been recorded in the three-month period ended September 30, 2008. If the use of these losses cannot be sustained, approximately €21 million ($30 million) of taxes plus interest and penalties may be owed.

18. Commitments and Contingencies

Commitments—At September 30, 2008, the Company has commitments of approximately $190 million to rebuild an expanded world-scale high-density polyethylene plant at its Münchmünster, Germany site. The Company's other capital expenditure commitments at September 30, 2008 were in the normal course of business.

Environmental Remediation—LyondellBasell Industries' accrued liability for future environmental remediation costs at current and former plant sites and other remediation sites totaled $241 million and $260 million as of September 30, 2008 and December 31, 2007, respectively. The remediation expenditures are expected to occur over a number of years, and not to be concentrated in any single year. In the opinion of management, there is no material estimable range of reasonably possible loss in excess of the liabilities recorded for environmental remediation. However, it is possible that new information about the sites for which the accrual has been established, new technology or future developments such as involvement in investigations by regulatory agencies, could require LyondellBasell Industries to reassess its potential exposure related to environmental matters.

The following table summarizes the activity in LyondellBasell Industries' accrued environmental liability for the nine months ended September 30:

Millions of dollars	2008	2007
Balance at January 1	$ 260	$ 41
Additional provisions	2	- -
Amounts paid	(16)	- -
Adjustments to purchase price allocation	7	- -
Foreign exchange effects	(1)	3
Other	(11)	- -
Balance at September 30	$ 241	$ 44

18. Commitments and Contingencies – (Continued)

Accrued liabilities for future environmental remediation costs, prior to the acquisition of Lyondell, primarily reflected the Company's obligations with respect to soil contamination at the Ferrara and Brindisi sites in Italy. At both sites, a former shareholder indemnified the Company for the full potential obligation that could arise with respect to such costs. Accordingly, the Company has recorded a corresponding receivable from the former shareholder.

As a result of LyondellBasell Industries' acquisition of Lyondell on December 20, 2007, LyondellBasell Industries recognized environmental liabilities related to Lyondell and its subsidiaries, including Millennium Chemicals Inc. and its subsidiaries ("Millennium"). The liabilities for individual sites range from less than $1 million to $137 million. The $137 million liability relates to the Kalamazoo River Superfund Site recognized by Lyondell in the acquisition of Millennium.

Lyondell acquired Millennium in 2004. A Millennium subsidiary has been identified as a Potential Responsible Party ("PRP") with respect to the Kalamazoo River Superfund Site. The site involves cleanup of river sediments and floodplain soils contaminated with polychlorinated biphenyls, cleanup of former paper mill operations, and cleanup and closure of landfills associated with the former paper mill operations.

In 2000, the Kalamazoo River Study Group (the "KRSG"), of which the Millennium subsidiary and other PRPs are members, submitted to the State of Michigan a Draft Remedial Investigation and Draft Feasibility Study, which evaluated a number of remedial options for the river. The estimated costs for these remedial options ranged from $0 to $2.5 billion. Although the KRSG study identified a broad range of remedial options, not all of those options would represent reasonably possible outcomes. Management does not believe that any single remedy among those options represented the highest-cost reasonably possible outcome.

In 2004, Millennium recognized a liability representing the subsidiary's interim allocation of 55% of the $73 million total of estimated cost of riverbank stabilization, recommended as the preferred remedy in 2000 by the KRSG study, and of certain other costs.

At the end of 2001, the U.S. Environmental Protection Agency ("EPA") took lead responsibility for the river portion of the site at the request of the State of Michigan. In 2004, the EPA initiated a confidential process to facilitate discussions among the agency, the Millennium subsidiary, other PRPs, the Michigan Departments of Environmental Quality and Natural Resources, and certain federal natural resource trustees about the need for additional investigation activities and different possible approaches for addressing the contamination in and along the Kalamazoo River. As these discussions have continued, Millennium has obtained new information about regulatory oversight costs and other remediation costs, including a proposed remedy to be applied to a specific portion of the river, and has been able to reasonably estimate anticipated costs for certain other segments of the river, based in part on experience to date with the remedy currently being applied to the one portion of the river. As a result, management can reasonably estimate the probable spending for remediation of three segments of the river, which has been accrued as of September 30, 2008. Management's best estimates for costs relating to other segments of the river, which may remain uncertain for the foreseeable future, also have been accrued, based on the KRSG study.

As of September 30, 2008, the probable additional future remediation spending associated with the river cannot be determined with certainty, but the amounts accrued are believed to be the current best estimate of future costs, based on information currently available. At September 30, 2008, the balance of the liability related to the river was $92 million.

18. Commitments and Contingencies – (Continued)

In addition, LyondellBasell Industries has recognized a liability primarily related to the Millennium subsidiary's estimated share of remediation costs for two former paper mill sites and associated landfills, which are also part of the Kalamazoo River Superfund Site. At September 30, 2008, the balance of the liability was $45 million. Although no final agreement has been reached as to the ultimate remedy for these locations, the subsidiary has begun remediation activity related to these sites.

Millennium's ultimate liability for the Kalamazoo River Superfund Site will depend on many factors that have not yet been determined, including the ultimate remedies selected, the determination of natural resource damages, the number and financial viability of the other PRPs, and the determination of the final allocation among the PRPs.

The balance, at September 30, 2008, of the remediation liabilities related to this subsidiary's sites, other than the Kalamazoo River Superfund Site, was $37 million.

Remediation liabilities for other sites totaled $67 million at September 30, 2008.

Litigation and Other Matters—On April 12, 2005, BASF Corporation ("BASF") filed a lawsuit in New Jersey against Lyondell asserting various claims relating to alleged breaches of a product sales contract and seeking damages in excess of $100 million. Lyondell denies it breached the contract. Lyondell believes the maximum refund due to BASF is $22.5 million on such product sales and has paid such amount to BASF. On August 13, 2007, the jury returned a verdict in favor of BASF in the amount of approximately $170 million (which includes the above $22.5 million). On October 3, 2007, the judge determined that prejudgment interest on the verdict would be $36 million. Lyondell is appealing this verdict and has posted a bond, which is collateralized by a $200 million letter of credit. Lyondell does not expect the verdict to result in any material adverse effect on its business, financial position, liquidity or results of operations.

Together with alleged past manufacturers of lead-based paint and lead pigments for use in paint, a Millennium subsidiary has been named as a defendant in various legal proceedings in the U.S. alleging personal injury, property damage, and remediation costs allegedly associated with the use of these products. The majority of these legal proceedings assert unspecified monetary damages in excess of the statutory minimum and, in certain cases, equitable relief such as abatement of lead-based paint in buildings. Legal proceedings relating to lead pigment or paint are in various trial stages and post-dismissal settings, some of which are on appeal.

18. Commitments and Contingencies – (Continued)

One legal proceeding relating to lead pigment or paint was tried in 2002. On October 29, 2002, the judge in that case declared a mistrial after the jury declared itself deadlocked. The sole issue before the jury was whether lead pigment in paint in and on Rhode Island buildings constituted a "public nuisance." The re-trial of this case began on November 1, 2005. On February 22, 2006, a jury returned a verdict in favor of the State of Rhode Island finding that the cumulative presence of lead pigments in paints and coatings on buildings in the state constitutes a public nuisance; that a Millennium subsidiary, Millennium Holdings, LLC, and other defendants either caused or substantially contributed to the creation of the public nuisance; and that those defendants, including the subsidiary, should be ordered to abate the public nuisance. On February 28, 2006, the judge held that the state could not proceed with its claim for punitive damages. On February 26, 2007, the court issued its decision denying the post-verdict motions of the defendants, including the Millennium subsidiary, for a mistrial or a new trial. The court concluded that it would enter an order of abatement and appoint a special master to assist the court in determining the scope of the abatement remedy. On March 16, 2007, the court entered a final judgment on the jury's verdict. On March 20, 2007, the Millennium subsidiary and the other defendants filed a notice of appeal with the Rhode Island Supreme Court. On December 18, 2007, the trial court appointed two special masters to serve as "examiners" and to assist the trial court in the proposed abatement proceedings. On May 15, 2008, the Rhode Island Supreme Court heard oral argument on, among other things, Millennium's appeal of the jury's verdict in favor of the State of Rhode Island. On July 1, 2008, the Rhode Island Supreme Court unanimously reversed the jury's verdict and subsequent judgment against Millennium and the other defendants. The Rhode Island Supreme Court's verdict effectively ends this legal proceeding.

Millennium's defense costs to date for lead-based paint and lead pigment litigation largely have been covered by insurance. Millennium has insurance policies that potentially provide approximately $1 billion in indemnity coverage for lead-based paint and lead pigment litigation. Millennium's ability to collect under the indemnity coverage would depend upon, among other things, the resolution of certain potential coverage defenses that the insurers are likely to assert and the solvency of the various insurance carriers that are part of the coverage block at the time of such a request.

While LyondellBasell Industries believes that Millennium has valid defenses to all the lead-based paint and lead pigment proceedings and is vigorously defending them, litigation is inherently subject to many uncertainties. Any liability that the subsidiary may ultimately incur, net of any insurance or other recoveries, cannot be estimated at this time.

Guarantees—On September 30, 2008, the Company had outstanding guarantees to commercial banks totaling €20 million ($29 million) for bank loans to equity investors, which expire in 2011.

As part of its technology licensing contracts, the Company gives indemnifications to its licensees for liability arising from possible patent infringement claims with respect to proprietary licensed technology. Such indemnifications do not have a stated maximum amount and generally cover a period of five to ten years.

In a number of technology licensing contracts, the Company provides bank guarantees for its financial obligations with respect to delivery of process design packages and technology performance warranties. At September 30, 2008, the outstanding amount was €42 million ($59 million).

Several other guarantees have been provided to third parties in the ordinary course of business for an amount of $82 million as of September 30, 2008.

The Company has not accrued any liabilities for obligations under these guarantees, as management believes that the fair value of these guarantees is negligible.

18. Commitments and Contingencies – (Continued)

Unfavorable Contracts—Unfavorable contracts represent an adjustment to the fair value of product purchase contracts acquired in a business combination in 2005, which had unfavorable pricing provisions compared to market conditions at the time of the acquisition. This fair value adjustment, which was $64 million (€45 million) at September 30, 2008 and $71 million (€48 million) at December 31, 2007 is being amortized over the term of the contracts until the end of 2013, and is subject to variability based on changes in market conditions.

Indemnification—LyondellBasell Industries and its subsidiaries are parties to various indemnification arrangements, including arrangements entered into in connection with acquisitions, divestitures and the formation of joint ventures. For example, Lyondell entered into indemnification arrangements in connection with the transfer of assets and liabilities from Atlantic Richfield Company to Lyondell prior to Lyondell's initial public offering and in connection with Lyondell's acquisition of the outstanding shares of ARCO Chemical Company; Equistar and its owner companies (including Lyondell and Millennium) entered into indemnification arrangements in connection with the formation of Equistar; and Millennium entered into indemnification arrangements in connection with its demerger from Hanson plc. Pursuant to these arrangements, Lyondell and its subsidiaries provide indemnification to and/or receive indemnification from other parties in connection with liabilities that may arise in connection with the transactions and in connection with activities prior to completion of the transactions. These indemnification arrangements typically include provisions pertaining to third party claims relating to environmental and tax matters and various types of litigation. As of September 30, 2008, the Company has not accrued any significant amounts for such indemnification obligations. The Company cannot determine with certainty the potential amount of future payments under the indemnification arrangements until events arise that would trigger a liability under the arrangements.

Other—LyondellBasell Industries and its joint ventures are, from time to time, defendants in lawsuits and other commercial disputes, some of which are not covered by insurance. Many of these suits make no specific claim for relief. Although final determination of any liability and resulting financial impact with respect to any such matters cannot be ascertained with any degree of certainty, management does not believe that any ultimate uninsured liability resulting from these matters will, individually or in the aggregate, have a material adverse effect on the financial position, liquidity or results of operations of LyondellBasell Industries.

General—In the opinion of management, the matters discussed in this note are not expected to have a material adverse effect on the financial position or liquidity of LyondellBasell Industries. However, the adverse resolution in any reporting period of one or more of these matters could have a material impact on LyondellBasell Industries' results of operations for that period, which may be mitigated by contribution or indemnification obligations of others, or by any insurance coverage that may be available.

19. Management Incentive Plan

During the second quarter 2008, LyondellBasell Industries implemented a long-term incentive plan ("LTI") for certain key managers. Under the terms of the plan, the key managers invested in a holding company that indirectly invests in LyondellBasell Industries by purchasing investment units and received matching phantom units, as defined in the plan. The value of the investment units and phantom units are determined based on the independently-determined appraised fair value of the investment units at inception of the plan, and the value of the units is subject to increases or decreases in the enterprise value of LyondellBasell Industries over the three-year vesting period. The phantom units will be revalued annually to equal the appraised value and represent the right to a cash payment equal to their appraised value upon vesting.

19. Management Incentive Plan – (Continued)

Phantom units are accounted for as a liability award with compensation cost recognized over the vesting period. The phantom units vest in full after three years of continuous employment and are otherwise forfeited. The appraised value of the phantom units at the grant date was $19 million and the related accrued liability at September 30, 2008, was $3 million. These awards resulted in compensation expense of $1 million and $3 million for the three and nine months ended September 30, 2008, respectively.

20. Comprehensive Income

The components of comprehensive income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
Millions of dollars	2008	2007	2008	2007
Net income (loss)	$ (136)	$ 397	$ (131)	$ 773
Other comprehensive income, net of tax:				
Foreign currency translation	(303)	42	(146)	97
Unrealized gain (loss) on available-for-sale securities	(12)	9	(24)	14
Derivative Instruments	112	23	56	33
Changes in unrecognized employee benefit plan gains and losses	25	4	29	57
Total other comprehensive income (loss)	(178)	78	(85)	201
Comprehensive income (loss)	$ (314)	$ 475	$ (216)	$ 974

On September 29, 2008, LyondellBasell Industries exercised its option to call the BAFB shares under the Structured Finance Transaction described in Note 12.

On October 15, 2008, LyondellBasell Industries redeemed the BAFB shares and terminated the related interest rate swap, resulting in a non-cash charge to interest expense of $55 million in the three and nine months ended September 30, 2008.

21. Segment and Related Information

LyondellBasell Industries, upon the completion of the Lyondell acquisition, established new business segments through which its operations are managed. LyondellBasell Industries' operations consist of the following four segments:

- Fuels, primarily manufacturing and marketing of refined petroleum products, including gasoline, ultra-low sulfur diesel, jet fuel, aromatics, lubricants ("lube oils"), naphtha, VGO, liquified petroleum gas, bitumen, heating oil and gasoline blending components, such as methyl tertiary butyl ether ("MTBE"), ethyl tertiary butyl ether ("ETBE") and alkylate;
- Chemicals, primarily manufacturing and marketing of ethylene; its co-products, including propylene, butadiene and aromatics, which include benzene and toluene; ethylene derivatives, including ethylene glycol, ethylene oxide ("EO") and other EO derivatives, as well as ethanol; acetyls, including vinyl acetate monomer, acetic acid and methanol; PO; PO co-products, including styrene and tertiary butyl alcohol ("TBA"), TBA derivative, isobutylene; PO derivatives, including propylene glycol, propylene glycol ethers and butanediol; and fragrance and flavors chemicals;
- Polymers, including polyolefins and advanced polyolefins. Polyolefins include polyethylene, comprising high density polyethylene ("HDPE"), low density polyethylene ("LDPE") and linear low density polyethylene ("LLDPE"), and polypropylene. Advanced polyolefins include polypropylene-based compounds, materials and alloys ("PCMAs"), *Catalloy* process resins and polybutene-1 polymers including impact copolymers (higher-end polypropylenes); and
- Technology and R&D, including development and licensing of polyolefins process technologies, development, manufacturing and supply of polyolefin catalysts, providing engineering services and advanced catalysts and corporate R&D activities.

On September 1, 2008, LyondellBasell Industries completed the sale of its TDI business, including production assets in Pont-du-Claix, France, related inventories, contracts, customer lists and intellectual property, receiving net proceeds of €77 million ($113 million). As a result, LyondellBasell Industries' TDI business, which was part of LyondellBasell Industries' chemicals segment, is presented as discontinued operations (see Notes 1 and 4) and therefore is excluded from the operations of the chemicals segment below.

21. Segment and Related Information – (Continued)

Summarized financial information concerning reportable segments is shown in the following table:

Millions of dollars	Fuels	Chemicals	Polymers	Technology & R&D	Other	Total
For the three months ended September 30, 2008:						
Sales and other operating revenues:						
Customer	$ 5,007	$ 4,228	$ 4,738	$ 113	$ --	$14,086
Intersegment	294	1,473	(3)	42	(1,806)	--
	5,301	5,701	4,735	155	(1,806)	14,086
Segment operating income (loss)	(271)	18	146	62	(141)	(186)
Adjustment to LIFO basis						460
Operating income						274
Income (loss) from equity investments	--	(2)	24	--	--	22
For the three months ended September 30, 2007:						
Sales and other operating revenues:						
Customer	$ --	$ 575	$ 3,366	$ 111	$ --	$ 4,052
Intersegment	--	873	--	44	(917)	--
	--	1,448	3,366	155	(917)	4,052
Segment operating income (loss)	--	93	251	62	(18)	388
Income from equity investments	--	--	35	--	--	35

21. Segment and Related Information – (Continued)

Millions of dollars	Fuels	Chemicals	Polymers	Technology & R&D	Other	Total
For the nine months ended September 30, 2008:						
Sales and other operating revenues:						
Customer	$14,677	$12,835	$14,560	$ 378	$ --	$42,450
Intersegment	958	4,196	(8)	123	(5,269)	--
	15,635	17,031	14,552	501	(5,269)	42,450
Segment operating income (loss)	655	89	486	203	(157)	1,276
Adjustment to LIFO basis						(198)
Operating income						1,078
Income (loss) from equity investments	--	(5)	94	--	5	94
For the nine months ended September 30, 2007:						
Sales and other operating revenues:						
Customer	$ --	$ 1,596	$ 9,967	$ 299	$ --	$11,862
Intersegment	--	2,423	--	129	(2,552)	--
	--	4,019	9,967	428	(2,552)	11,862
Segment operating income (loss)	--	236	712	146	(58)	1,036
Income from equity investments	--	--	113	--	--	113

Sales and other operating revenues and operating income (loss) in the "Other" column above include elimination of intersegment transactions and costs not allocated to reportable segments in 2008 and 2007.

22. Subsequent Events

As part of management's efforts to reduce fixed costs and respond to significant market volatility, the Company has determined that it is necessary to pursue a reorganization which will decrease the size of the top levels of the Company and streamline the remaining levels. The program is expected to result in approximately a 15 percent reduction in the total workforce with potential impacts on production and office facilities in every region, aside from the fastest-growing areas, over the next 12 to 18 months. The Company expects to record a charge related to severance and related costs associated with the reorganization in the fourth quarter of 2008 and charges related to other costs associated with the potential impacts to the Company's facilities as incurred.

Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with the information contained in the Consolidated Financial Statements of LyondellBasell Industries AF S.C.A. (formerly known as Basell AF S.C.A.), together with its consolidated subsidiaries (collectively, "LyondellBasell Industries" or "the Company"), and the notes thereto contained elsewhere in this report. This discussion should also be read in conjunction with the information contained in the LyondellBasell Industries Management Report for the Year Ended December 31, 2007, and the LyondellBasell Industries Consolidated Financial Statements for the years ended December 31, 2007 and 2006, and the Annual Reports on Form 10-K for the year ended December 31, 2007 and subsequent Quarterly Reports on Form 10-Q filed by each of Lyondell Chemical Company (together with its consolidated subsidiaries, "Lyondell"), Equistar Chemicals, LP (together with its consolidated subsidiaries, "Equistar") and Millennium Chemicals Inc. (together with its consolidated subsidiaries, "Millennium").

LyondellBasell Industries' consolidated operating results are determined using the first-in, first-out ("FIFO") method of accounting for inventory except for certain U.S. inventories for which the last-in, first-out ("LIFO") method of determining inventory costs is used for reporting for U.S. federal income taxes. Operating results on this basis are discussed in the following "Overview" and "Results of Operations" sections. This discussion is supplemented by a discussion of LyondellBasell Industries' segment operating results under the "Segment Analysis" heading of "Results of Operations." For purposes of evaluating segment results, management reviews operating results determined using the FIFO method of accounting for inventory.

In addition to comparisons of current operating results with the same period in the prior year, LyondellBasell Industries has included, as additional disclosure, certain "trailing quarter" comparisons of third quarter 2008 operating results to second quarter 2008 operating results. LyondellBasell Industries' businesses are highly cyclical, in addition to experiencing some less significant seasonal effects. Trailing quarter comparisons may offer important insight into current business direction.

On December 20, 2007, LyondellBasell Industries acquired Lyondell. The results of operations of Lyondell are included in LyondellBasell Industries' operating results prospectively from December 21, 2007. Therefore, operating results for periods prior to December 20, 2007 do not include the businesses acquired, and some significant changes in operating results are due to the effects of the acquisition of Lyondell, rather than changes in the business performance of Basell. As a result, financial information for the three- and nine-month periods ended September 30, 2008 is generally not comparable to the three- and nine-month periods ended September 30, 2007.

References to industry benchmark prices or costs, including the weighted average cost of ethylene production, are generally to industry prices and costs reported by Chemical Marketing Associates, Incorporated ("CMAI"), except that crude oil, natural gas and naphtha benchmark price references are to industry prices reported by Platts, a reporting service of The McGraw-Hill Companies.

LyondellBasell Industries' operating income in the periods under review has been adversely affected by lost production at the Houston refinery attributable to a major planned maintenance turnaround, a fluid catalytic cracker ("FCC") unit upgrade and catalyst changes; lost production due to unplanned maintenance on the Houston refinery's FCC unit; an incident involving a contractor company's crane at the Houston refinery in July 2008, which lead to a re-scoping and time extension of a major maintenance turnaround, and lost production during an approximately two to three week period in September 2008 when substantially all of the Company's U.S. Gulf Coast operations were temporarily off-line as a result of Hurricane Ike.

We present below the estimated effect of this lost production on our operating income. The effect on operating income is calculated by multiplying the profit margins being achieved by the relevant facility during or prior to the relevant period by the estimated amount of lost production volume in that period and may not give effect to any market driven increase or decrease in profit margins in the relevant periods or any potential recovery of lost production volume in future periods. The estimated effect on operating income is provided for illustrative purposes only, and does not purport to present what LyondellBasell Industries' actual results of operations would have been in the absence of the events described above.

OVERVIEW

General—LyondellBasell Industries is a refiner of crude oil, including heavy, high-sulfur crude oil, a significant producer of gasoline blending components, a global manufacturer of chemicals and plastics and a licensor of technology processes.

As a result of the acquisition of Lyondell, LyondellBasell Industries reassessed segment reporting based on the current management structure and the integration of Lyondell's businesses into its portfolio of businesses. Based on this analysis, LyondellBasell Industries concluded that management is focused on the fuels segment, the chemicals segment, the polymers segment and the technology and R&D segment.

In September 2008, LyondellBasell Industries completed the sale of its toluene diisocyanate ("TDI") business, including production assets in Pont-du-Claix, France, related inventories, contracts, customer lists and intellectual property. LyondellBasell Industries reported the TDI business, which was part of LyondellBasell Industries' chemicals segment, as a discontinued operation beginning in the second quarter 2008. Unless otherwise indicated, the following discussion of LyondellBasell Industries' operating results excludes the TDI business.

The third quarter 2008 was marked by a number of significant events, including slowing world economic growth, decreasing crude oil prices, two U.S. Gulf Coast hurricanes and a crisis in global financial markets. The U.S. Gulf Coast hurricanes, Gustav and Ike, disrupted Gulf Coast refining and chemical industry operations during late August and mid-September 2008, resulting in a significant loss of third quarter 2008 North American industry production. Underlying operating results reflected the crude oil price decrease, which led to lower prices for crude oil-related raw materials used in the production of chemical products.

In the first nine months of 2008, heavy crude refining margins benefited from strong demand for diesel fuel and the cost differential between light crude oil and heavy crude oil, while margins for fuels products, such as methyl tertiary butyl ether ("MTBE") and ethyl tertiary butyl ether ("ETBE"), benefited from high gasoline prices. In the first nine months of 2008 compared to the same period in 2007, higher average prices for crude oil and natural gas liquids contributed to higher raw material costs for chemical producers, putting pressure on product margins, particularly ethylene. Fuels, chemicals and polymers markets in the U.S. and Europe experienced weakening of demand during the 2008 period.

LyondellBasell Industries' third quarter 2008 operating results were negatively affected by planned and unplanned outages related to Hurricane Ike and a maintenance turnaround at the Houston refinery, all of which resulted in lost production and higher costs during the quarter. During September 2008, LyondellBasell suspended refining and chemical operations at almost all of its U.S. Gulf Coast plants as a result of the hurricane. The duration of the outage related to the Houston refinery turnaround increased due to the hurricane and an incident involving a contractor company's crane.

Despite the acquisition of Lyondell, the addition of fuels products to its product portfolio and the favorable effects of changes in currency exchange rates, the operating income of LyondellBasell Industries in the first nine months of 2008 was similar to the same period in 2007 primarily due to the negative effects of the hurricanes, the refinery turnaround and significantly higher average raw material costs in the 2008 period. Net interest expense increased in the 2008 periods due to higher debt levels resulting from the Lyondell acquisition.

RESULTS OF OPERATIONS

The results of operations of Lyondell are included in LyondellBasell Industries' operating results prospectively from December 21, 2007.

Revenues—LyondellBasell Industries had revenues of $14,086 million in the third quarter 2008 compared to revenues of $4,052 million in the third quarter 2007 and $42,450 million in the first nine months of 2008 compared to $11,862 million in the first nine months of 2007. LyondellBasell Industries' revenues in the third quarter and first nine months of 2008 included $9,465 million and $28,260 million, respectively, of revenues resulting from LyondellBasell Industries' acquisitions of Lyondell and, in the second quarter 2008, the Berre refinery. The remaining $569 million and $2,328 million increases in the third quarter and first nine months of 2008, respectively, reflected higher average sales prices partially offset by the effect of lower sales volumes.

Cost of Sales—LyondellBasell Industries' cost of sales was $13,468 million in the third quarter 2008 compared to $3,490 million in the third quarter 2007 and $40,347 million in the first nine months of 2008 compared to $10,316 million in the first nine months of 2007. The increases in the third quarter and first nine months of 2008 compared to the same 2007 periods were primarily due to the acquisitions of Lyondell and the Berre refinery, which added $9,246 million and $27,500 million, respectively, to cost of sales in the third quarter and first nine months of 2008. The remaining increases of $732 million in the third quarter 2008 and $2,531 million in the first nine months of 2008 primarily reflected higher raw material and energy costs compared to the 2007 periods.

SG&A Expenses—Selling, general and administrative ("SG&A") expenses were $302 million in the third quarter 2008 compared to $138 million in the third quarter 2007 and $878 million in the first nine months of 2008 compared to $414 million in the first nine months of 2007. LyondellBasell Industries' SG&A expenses in the third quarter and first nine months of 2008 included $129 million and $396 million, respectively, of Lyondell and the Berre refinery SG&A expenses. The remaining increases of $35 million and $68 million in the third quarter and first nine months of 2008 were primarily related to the effects of changes in currency exchange rates as the euro averaged higher compared to the U.S. dollar in the third quarter and first nine months of 2008 compared to same periods in 2007.

Operating Income—LyondellBasell Industries had operating income of $274 million in the third quarter 2008 compared to $388 million in the third quarter 2007 and $1,078 million in the first nine months of 2008 compared to $1,036 million in the first nine months of 2007. Third quarter 2008 operating income reflected the negative effects of lost production and higher costs stemming from the planned and unplanned outages related to Hurricane Ike and the extended maintenance turnaround at the Houston Refinery. Underlying operating results reflected the crude oil price decrease, which led to lower prices for crude oil-related raw materials used in the production of chemical products.

The increase in operating income in the first nine months of 2008 compared to the corresponding period in 2007 reflects a benefit resulting from the addition of fuels products to the LyondellBasell Industries product portfolio and the favorable effects of changes in currency exchange rates, which resulted from translating the results of non-U.S. operations with strengthening functional currencies into U.S. dollars. These benefits were substantially offset by the negative effects of the hurricanes, the refinery turnaround and significantly higher raw material costs in the 2008 period. Operating results for each of LyondellBasell Industries' business segments are reviewed further in the "Segment Analysis" section below.

Interest Expense—Interest expense was $587 million in the third quarter 2008 compared to $62 million in the third quarter 2007 and $1,608 million in the first nine months of 2008 compared to $243 million in the first nine months of 2007. The increases in interest expense in the third quarter and first nine months of 2008 were primarily due to debt incurred in December 2007 primarily to fund the acquisition of Lyondell and the acquisition of $7,506 million of debt retained by Lyondell, and a $23 million non-cash charge related to the termination of the interest rate swap associated with the Structured Finance Transaction.

Interest Income—LyondellBasell Industries had interest income of $2 million in the third quarter 2008 compared to $23 million in the third quarter 2007 and $92 million in the first nine months of 2008 compared to $49 million in the first nine months of 2007. The decrease in the third quarter 2008 compared to the third quarter 2007 was primarily due to the termination of the interest rate swap and the associated reversal of $32 million of unrealized interest income in connection with the Structured Finance Transaction. The increase in the first nine months of 2008 was primarily due to the €1,000 million ($1,432 million) cash on deposit in connection with the Structured Finance transaction entered into in July 2007. See "Financial Condition – Liquidity and Capital Resources" for additional details on this transaction.

Other Income, net—LyondellBasell Industries had other income, net, of $31 million in the third quarter 2008 compared to $139 million in the third quarter 2007 and $79 million in the first nine months of 2008 compared to $146 million in the first nine months of 2007. Other income, net, in the third quarter and first nine months of 2008 included gains of $18 million and $79 million, respectively, representing partial settlements of outstanding insurance claims related to damages sustained in 2005 at the polymers plant in Münchmünster, Germany. Other income, net, in the third quarter and first nine months of 2007 included the benefit from a $200 million break-up fee related to the proposed merger with the Huntsman Group, and a $57 million charge related to the 2005 exit from the U.K. pension plan.

Income Tax—LyondellBasell Industries had an estimated effective income tax rate of 45% resulting in a tax benefit of $119 million on a pretax loss of $265 million for the first nine months of 2008. The estimated effective income tax rate primarily reflected the effect of income from equity investments and a $14 million accrual for uncertain tax positions resulting from proposed French tax audit adjustments of the years 2001 to 2004 in the nine months ended September 30, 2008. The effective income tax rate for the first nine months of 2007 was 30% primarily due to pretax income in countries with statutory tax rates that are lower than the 35% U.S. statutory tax rate.

Income (loss) from Continuing Operations—LyondellBasell Industries had a loss of $137 million and $146 million from continuing operations in the third quarter and first nine months of 2008 compared to income from continuing operations in the third quarter and first nine months of 2007 of $397 million and $773 million, respectively. The following table summarizes the major components contributing to net income:

	For the three months ended September 30,		For the nine months ended September 30,	
	2008	2007	2008	2007
Millions of dollars				
Operating income	$ 274	$ 388	$1,078	$1,036
Income from equity investments	22	35	94	113
Interest expense, net	(585)	(39)	(1,516)	(194)
Other income, net	31	139	79	146
Provision for (benefit from) income taxes	(121)	126	(119)	328
Income (loss) from continuing operations	$ (137)	$ 397	$ (146)	$ 773

LyondellBasell Industries' loss from continuing operations for the periods shown included the following items:

Millions of dollars	**For the three months ended September 30, 2008**	**For the nine months ended September 30, 2008**
Pretax charges (benefits):		
Interest rate swap termination – Structured Financing Transaction	$ 55	$ 55
Hurricane costs	43	43
U.K. pension exit fee settlement	(17)	(17)
Insurance gains related to settlements	(18)	(79)
Gain on sale of Canadian plant	(15)	(15)
Foreign exchange losses on Berre acquisition-related payment	21	21
Provisions for uncollectible accounts receivable	14	17
Total pretax income effect	83	25
Tax effect of above items	29	9
Total	$ 54	$ 16

Income from Discontinued Operations, Net of Tax—Income from discontinued operations, net of tax, was $1 million and $15 million, respectively, in the third quarter and first nine months of 2008 related to the discontinued TDI business which was acquired in the acquisition of Lyondell on December 20, 2007.

Third Quarter 2008 versus Second Quarter 2008

LyondellBasell Industries had a loss from continuing operations of $137 million in the third quarter 2008 compared to a loss from continuing operations of $16 million in the second quarter 2008. The third quarter 2008 included an estimated $373 million of negative effect of planned and unplanned outages related to the maintenance turnaround at the Houston refinery and Hurricane Ike. The second quarter 2008 was negatively affected by an estimated $147 million as a result of lost production due to operational outages at the Houston refinery, including the FCC unit. Underlying operating results improved, benefiting from the decrease in crude oil prices, partly offset by seasonally lower refining and fuels margins.

Segment Analysis

At the time of the acquisition of Lyondell, LyondellBasell Industries established new business segments through which its operations are managed. The 2007 information has been reclassified to reflect current business segments. LyondellBasell Industries' operations are primarily in four reportable segments: fuels, chemicals, polymers, and technology and R&D. The following tables reflect selected financial information for LyondellBasell Industries' reportable segments.

For purposes of evaluating segment results, management reviews operating results, as presented below, determined using the FIFO method of accounting for inventory. The following discussion is supplemental to the above "Overview" and "Results of Operations" sections, which discuss LyondellBasell Industries' consolidated operating results determined using the LIFO method of accounting for certain U.S. inventories.

	For the three months ended September 30,		For the nine months ended September 30,	
	2008	2007	2008	2007
Millions of dollars				
Sales and other operating revenues:				
Fuels segment	$ 5,301	$ --	$ 15,635	$ --
Chemicals segment	5,701	1,448	17,031	4,019
Polymers segment	4,735	3,366	14,552	9,967
Technology and R&D segment	155	155	501	428
Other, including intersegment eliminations	(1,806)	(917)	(5,269)	(2,552)
Total	$ 14,086	$ 4,052	$ 42,450	$ 11,862
Operating income (loss):				
Fuels segment	$ (271)	$ --	$ 655	$ --
Chemicals segment	18	93	89	236
Polymers segment	146	251	486	712
Technology and R&D segment	62	62	203	146
Other, including intersegment eliminations	(141)	(18)	(157)	(58)
LIFO adjustment	460	--	(198)	--
Total	$ 274	$ 388	$ 1,078	$ 1,036
Income (loss) from equity investments:				
Chemicals segment	$ (2)	$ --	$ (5)	$ --
Polymers segment	24	35	94	113
Other	--	--	5	--
Total	$ 22	$ 35	$ 94	$ 113

Fuels Segment

Overview—In its fuels segment, LyondellBasell Industries produces refined petroleum products, including gasoline, ultra low sulfur diesel, jet fuel, aromatics, lubricants and gasoline blending components, such as MTBE and ethyl tertiary butyl ether ("ETBE") and alkylate. PDVSA Petróleo, S.A. ("PDVSA Oil") supplies heavy, high sulfur Venezuelan crude oil to the full-conversion refinery in Houston, Texas ("Houston Refining") under a long-term contract. Under the crude oil contract the refinery purchases 230,000 barrels per day of heavy, high sulfur crude oil, which constitutes approximately 86% of its rated crude oil refining capacity of 268,000 barrels per day. The pricing under the crude oil contract is market based. Houston Refining generally purchases the balance of its crude oil requirements on the spot market.

On April 1, 2008, LyondellBasell Industries completed the purchase of an oil refinery at the Berre l'Etang petrochemical complex in France. The refinery provides raw materials for one of LyondellBasell Industries' key European sites, which operates world-scale polypropylene and polyethylene plants, a steam cracker and a butadiene extraction unit at Berre l'Etang and a polyethylene plant at nearby Fos sur Mer. The refinery's products include naphtha, liquefied petroleum gas, gasoline, diesel and jet fuel, heating oil and bitumen.

In the first nine months of 2008, benchmark heavy crude refining margins benefited from strong demand for diesel fuel and the differential between the cost of light crude oil and heavy crude oil. Benchmark margins for gasoline blending components, such as MTBE and ETBE, benefited from high gasoline prices.

LyondellBasell Industries' fuels segment, in the first nine months of 2008, comprised the acquired fuels businesses of Lyondell and, beginning on April 1, 2008, the newly-acquired Berre refinery.

Third quarter 2008 fuels segment operating results reflected seasonally lower product margins, following the summer driving season, and the negative effects of the planned and unplanned outages due to the turnaround and the hurricane, which resulted in lost production and additional costs during the period.

Underlying operating results reflected a decrease in product margins compared to the first six months of 2008, due to seasonality and the effect of the decrease in crude oil prices. U.S. and European refining margins were lower, reflecting a seasonal decrease in the demand for transportation fuels. In addition, sales prices declined with the decreasing crude oil prices in the third quarter 2008, while the cost of sales reflected higher-priced product sold from inventory.

LyondellBasell Industries scheduled a maintenance turnaround at the Houston refinery in the third quarter 2008 for one of the refinery's crude trains and coker units. As a result of an incident early in the quarter involving a contractor company's crane and Hurricane Ike later in the quarter, the coker unit was down through the end of the third quarter 2008, and will restart in early December 2008.

Operating results in the first nine months of 2008 benefited from higher product margins, primarily high margin levels experienced in the second quarter 2008, but were negatively impacted by the planned and unplanned outages. Refining operations also were affected by higher utility costs stemming from rising natural gas costs during the 2008 period.

See "Financial Condition – Liquidity and Capital Resources" regarding the July 2008 incident at the Houston refinery.

The following table sets forth the fuels segment's sales and other operating revenues, operating income and sales volumes for certain gasoline blending components.

Millions of dollars	For the three months ended September 30, 2008	For the nine months ended September 30, 2008
Sales and other operating revenues	$ 5,301	$ 15,635
Operating income (loss)	(271)	655
Sales volumes, in millions		
Gasoline blending components – MTBE/ETBE (gallons)	272	783
Refined products sales volumes (thousands of barrels per day)		
Houston refinery:		
Gasoline and components	150	133
Diesel and heating oil	62	76
Jet fuel	9	13
Aromatics	1	3
Other refined products	73	107
Total	295	332
Berre refinery total	90	80
Crude processing rates:		
Houston refinery	143	227
Berre refinery	105	104
Market margins – $ per barrel		
Houston refinery:		
WTI – 2-1-1	15.80	13.50
WTI Maya	11.20	16.35
Total	27.00	29.85
Berre refinery:		
Urals – 4-1-2-1	12.14	12.93

Revenues—The fuels segment had revenues of $5,301 million and $15,635 million in the third quarter and first nine months of 2008, respectively, all of which was attributable to the acquired fuels businesses of Lyondell and the Berre refinery. The Houston refinery's total crude processing rates, which averaged 143 thousand barrels per day during the third quarter 2008, were negatively affected by the planned and unplanned outages related to the maintenance turnaround and Hurricane Ike. During the first nine months of 2008, the Houston refinery's processing rate of 227 thousand barrels per day was also negatively impacted by unscheduled maintenance on an FCC unit and outages of other operating units. Crude processing rates for the Berre refinery averaged 105 thousand barrels per day in the third quarter 2008.

Operating Income—The fuels segment had an operating loss of $271 million and operating income of $655 million in the third quarter and first nine months of 2008, respectively. The fuels segment operating results included the Berre refinery operating loss of $28 million in the third quarter 2008 and operating income of $53 million in the first nine months of 2008. Underlying operating results in the third quarter reflected a decrease in product margins due to seasonality and the effect of the decrease in crude oil prices. In addition, the third quarter 2008 operating results were negatively affected by an estimated $200 million as a result of lost production at the Houston refinery due to the planned and unplanned outages related to the maintenance turnaround and the hurricane and related costs of $13 million. In addition to the turnaround and hurricane effects, operating results in the first nine months of 2008 were negatively affected by an estimated $187 million as a result of lost production due to unplanned maintenance on the Houston refinery's FCC and other operating units.

Third Quarter 2008 versus Second Quarter 2008

The fuels segment had an operating loss of $271 million in the third quarter 2008 compared to operating income of $674 million in the second quarter 2008. The third quarter operating loss reflected lower product margins, due to seasonality and the effect of the decrease in crude oil prices. The third quarter 2008 included the negative effect of the planned and unplanned outages at the Houston Refinery related to the maintenance turnaround and Hurricane Ike, which resulted in an estimated $200 million in lost production, and related costs of $13 million. The second quarter was negatively affected by an estimated $147 million as a result of lost production due to operational outages at the Houston refinery, including the FCC unit. Crude processing rates for the Berre refinery averaged 105 thousand barrels per day and 102 thousand barrels per day in the third and second quarters 2008, respectively, and for the Houston refinery, 143 thousand barrels per day and 273 thousand barrels per day, respectively.

Chemicals Segment

Overview—In its chemicals segment, LyondellBasell Industries manufactures and markets ethylene and its co-products, primarily propylene, butadiene and aromatics, which include benzene and toluene; ethylene derivatives, including ethylene glycol ("EG"), ethylene oxide ("EO") and other EO derivatives, as well as ethanol; acetyls, including vinyl acetate monomer ("VAM"), acetic acid and methanol; propylene oxide ("PO"); PO co-products, including styrene monomer ("styrene" or "SM") and tertiary butyl alcohol ("TBA"); TBA derivative, isobutylene; PO derivatives, including propylene glycol ("PG"), propylene glycol ethers ("PGE") and butanediol ("BDO"); and fragrance and flavors chemicals.

During a substantial portion of the first nine months of 2008 compared to the same period in 2007, U.S. and European ethylene producers using crude oil-based raw materials experienced lower profitability as increases in benchmark ethylene and co-product sales prices did not keep pace with rapidly rising raw material costs. As discussed below, benchmark prices of both crude oil-based liquid raw materials and natural gas liquids-based raw materials averaged higher in 2008, with crude oil prices reaching record levels during the second quarter of 2008.

Prior to the U.S. Gulf Coast hurricanes, which negatively affected third quarter 2008 U.S. operating rates, U.S. and European ethylene industry operating rates including the 2007 periods, had been in the 90% to 95% range. Markets for ethylene derivatives and ethylene co-products and for PO and PO derivatives began to experience weaker demand in 2008, and styrene markets continued to be oversupplied compared to the same periods in 2007.

Although benchmark crude oil prices decreased during the third quarter 2008, leading to lower sales prices, chemicals segment operating results reflected the effect of higher-priced product sold from inventory. The chemicals segment's underlying operating results declined in the first nine months of 2008 compared to the same 2007 periods due to significantly higher raw material costs, including the negative effect of selling inventories recorded at fair value in the acquisition of Lyondell. Operating results were also negatively affected by Hurricane Ike, which resulted in lost production and additional costs during the third quarter and first nine months of 2008.

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

- crude oil-based liquids ("liquids" or "heavy liquids"), including naphthas, 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 Europe, heavy liquids are the primary raw materials for LyondellBasell Industries' ethylene production. In the U.S., LyondellBasell Industries has the ability to shift its 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. However, this ability is limited and, in the first nine months of 2008, was not sufficient to offset the significant differential increase in the price of liquids versus NGLs and the failure of co-product price increases to offset this differential increase. During the third quarter 2008, the price differential between liquids and NGLs decreased as crude oil prices began to decline making liquids more competitive.

The following table shows the average U.S. benchmark prices for crude oil and natural gas for the applicable three- and nine-month periods, as well as benchmark U.S. and Western Europe sales prices for ethylene and propylene, which LyondellBasell Industries produces and sells or consumes internally. 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. and Western Europe ethylene production and is subject to revision.

	Average Benchmark Price and Percent Change Versus Prior Year Period Average					
	For the three months ended September 30,			For the nine months ended September 30,		
	2008	**2007**	**Change**	**2008**	**2007**	**Change**
Crude oil – dollars per barrel	117.83	75.40	56%	113.24	66.09	71%
Natural gas – dollars per million BTUs	9.28	6.19	50%	9.46	6.67	42%
NWE Naphtha – dollars per barrel	109.72	74.97	46%	106.50	70.35	51%
Weighted average cost of ethylene production – cents per pound:						
U.S.	52.22	38.73	35%	52.36	33.80	55%
Western Europe	53.96	36.52	48%	54.35	33.38	63%
Ethylene – cents per pound	68.00	50.17	36%	64.94	44.94	45%
Propylene – cents per pound	76.83	50.83	51%	68.22	47.96	42%
Western Europe – €0.01 per pound:						
Ethylene	55.70	41.96	33%	49.73	40.73	22%
Propylene	46.04	39.83	16%	43.65	38.53	13%
Polyethylene	68.12	59.35	15%	62.97	56.65	11%
Polypropylene	59.57	57.15	4%	57.58	54.61	5%

While the increases in natural gas prices were not as dramatic as those of crude oil, NGL prices were significantly higher during the third quarter and first nine months of 2008 compared to the same periods in 2007. These increases were indicative of the pressure on LyondellBasell Industries' raw materials costs, primarily crude oil-based, but also NGL-based.

The following table sets forth the chemicals segment's sales and other operating revenues, operating income and selected product sales volumes.

	For the three months ended September 30,		For the nine months ended September 30,	
Millions of dollars	**2008**	**2007**	**2008**	**2007**
Sales and other operating revenues	$ 5,701	$ 1,448	$ 17,031	$ 4,019
Operating income	18	93	89	236
Loss from equity investments	(2)	--	(5)	--
Sales volumes, in millions				
Ethylene and derivatives (pounds)	3,308	1,028	10,841	3,064
Intersegment sales to polymers included above (pounds)	1,818	806	5,887	2,442
Other ethylene derivatives included above (pounds)	409	--	1,514	--
Ethylene co-products:				
Non-aromatic (pounds)	1,827	348	5,925	969
Aromatics (gallons)	287	238	880	704
PO and derivatives (pounds)	689	--	2,404	--
Co-product styrene (pounds)	769	--	2,582	--

Revenues—Revenues were $5,701 million in the third quarter 2008 compared to $1,448 million in the third quarter 2007, and $17,031 million in the first nine months of 2008 compared to $4,019 million in the first nine months of 2007. The increases in revenues in the third quarter and first nine months of 2008 were primarily a result of the acquisition of Lyondell and higher sales prices. The acquisition of Lyondell on December 20, 2007 added $3,896 million and $11,901 million, respectively, to revenues in the third quarter and first nine months of 2008.

Operating Income—The chemicals segment had operating income of $18 million in the third quarter 2008 compared to $93 million in the third quarter 2007 and $89 million in the first nine months of 2008 compared to $236 million in the first nine months of 2007. Operating results for the third quarter and first nine months of 2008 were negatively affected by the $120 million estimated impact of lost production due to Hurricane Ike, and related costs of $26 million, including a $7 million pretax charge for impairment of the carrying value of assets. The acquisition of Lyondell did not contribute significantly to segment results due to the negative impact of high raw material costs on segment product margins. Operating results for the first nine months of 2008 also included the $77 million unfavorable effect of selling inventories that were recorded at fair value as a result of the acquisition of Lyondell.

Third Quarter 2008 versus Second Quarter 2008

The chemicals segment had operating income of $18 million in the third quarter 2008 compared to operating income of $103 million in the second quarter 2008. The third quarter of 2008 included the $120 million estimated effect of lost production, resulting from Hurricane Ike and related costs of $26 million, including the $7 million impairment of the carrying value of assets. Sales volumes decreased in the third quarter of 2008 by 10% for ethylene and ethylene derivatives, 26% for PO and PO derivatives, 16% for styrene and 20% for VAM compared to the second quarter 2008.

Polymers Segment

Overview—The polymers segment includes polyolefins and advanced polyolefins. Polyolefins include polyethylene, comprising high density polyethylene ("HDPE"), low density polyethylene ("LDPE") and linear low density polyethylene ("LLDPE"), and polypropylene. Advanced polyolefins include polypropylene-based compounds, materials and alloys, *Catalloy* process resins and polybutene-1 polymers.

Global polyethylene and polypropylene markets in the first nine months of 2008 compared to the first nine months of 2007 have experienced weakening demand, with the third quarter 2008 U.S. Gulf Coast hurricanes having a significant negative effect on North American sales in that period.

Higher raw material costs in the first nine months of 2008 compared to the same 2007 period put pressure on polymers product margins.

Polymers segment operating results for the third quarter and first nine months of 2008 compared to the same periods in 2007 primarily reflected the negative effects of low product margins, due to high raw material costs, partly offset by the favorable effects of changes in currency exchange rates as the euro averaged 7% higher compared to the U.S. dollar in the third quarter and 13% higher in the first nine months of 2008 compared to the same periods in 2007. In addition, operating results in the first nine months of 2008 reflected the unfavorable effect of selling inventories recorded at fair value in the Lyondell acquisition. The effect of the increase in sales volumes resulting from the Lyondell acquisition was minimal due to the low product margins.

The following table sets forth the polymers segment's sales and other operating revenues, operating income, income from equity investments and product sales.

	For the three months ended September 30,		For the nine months ended September 30,	
	2008	2007	2008	2007
Millions of dollars				
Sales and other operating revenues	$ 4,735	$ 3,366	$ 14,552	$ 9,967
Operating income	146	251	486	712
Income (loss) from equity investments	(1)	35	69	113
Sales volumes, in millions				
Polyethylene (pounds)	2,187	1,188	7,377	3,732
Polypropylene (pounds)	2,461	2,747	8,233	8,647
Advanced polyolefins (pounds)	702	668	2,179	2,046

Revenues—Revenues were $4,735 million in the third quarter 2008 compared to $3,366 million in the third quarter 2007, while revenues were $14,552 million in the first nine months of 2008 compared to $9,967 million in the first nine months of 2007. The increases were primarily due to the acquisition of Lyondell on December 20, 2007, which added $984 million and $2,989 million, respectively, to revenues in the third quarter and the first nine months of 2008. The remaining $385 million and $1,596 million increases in the third quarter and first nine months of 2008 compared to the respective 2007 periods reflected the effects of higher average sales prices and the favorable effect of changes in currency exchange rates as the euro averaged higher compared to the U.S. dollar, partially offset by lower sales volumes in the third quarter and first nine months of 2008.

Operating Income—The polymers segment had operating income of $146 million in the third quarter 2008 compared to $251 million in the third quarter 2007 and $486 million in the first nine months of 2008 compared to $712 million in the first nine months of 2007. Operating income for the polymers segment in the first nine months of 2008 included the $24 million unfavorable effect of selling inventories during the first quarter of 2008 that were recorded at fair value as a result of the acquisition of Lyondell. The remaining $105 million and $202 million decreases in the third quarter and first nine months of 2008, respectively, primarily reflected the negative effect of higher raw material costs on polyethylene and polypropylene margins, which more than offset higher product margins for advanced polyolefins and the favorable effect of changes in currency exchange rates and any benefit of higher sales volumes resulting from the acquisition of Lyondell.

Third Quarter 2008 versus Second Quarter 2008

The polymers segment had operating income of $146 million in the third quarter 2008 compared to $128 million in the second quarter 2008. The $18 million increase was primarily due to higher average product margins, partially offset by the effect of lower sales volumes in the third quarter 2008 compared to the second quarter 2008.

Technology and R&D Segment

Overview—LyondellBasell Industries' technology and R&D business segment develops and licenses leading polyolefins and chemicals process technologies and develops, manufactures and sells polyolefins catalysts. The operating results of the technology and R&D business segment vary primarily with the number of process licenses recognized in revenue during the period.

During the first nine months of 2008 compared to the same period in 2007, the technology and R&D business segment recognized more licenses in revenue. Segment results also reflected the favorable effects of changes in currency exchange rates as the euro averaged 7% higher compared to the U.S. dollar in the third quarter and 13% higher in the first nine months of 2008 compared to the same periods in 2007. The segment also experienced lower sales volumes and prices on catalyst sales in the 2008 periods.

The following table sets forth the technology and R&D segment's sales and other operating revenues and operating income.

	For the three months ended September 30,		For the nine months ended September 30,	
	2008	2007	2008	2007
Millions of dollars				
Sales and other operating revenues	$ 155	$ 155	$ 501	$ 428
Operating income	62	62	203	146

Revenues—The technology and R&D segment had revenues of $155 million in the third quarter 2008 compared to $155 million in the third quarter 2007 and revenues of $501 million in the first nine months of 2008 compared to $428 million in the first nine months of 2007. The 17% increase in the first nine months of 2008 compared to the first nine months of 2007 reflected higher licensing activity in the 2008 period, primarily in the first quarter, and the favorable effect of changes in the currency exchange rate, partially offset by lower sales prices and lower sales volumes for catalysts.

Operating Income—The technology and R&D segment had operating income of $62 million in both the third quarter 2008 and the third quarter 2007 and operating income of $203 million in the first nine months of 2008 compared to $146 million in the first nine months of 2007. Operating income in the third quarter and first nine months of 2008 included a $10 million government subsidy recognized as a reduction of R&D expense. The increase in operating income in the first nine months of 2008 was primarily the result of higher licensing activity and the favorable effect of currency exchange rates, partially offset by lower product margins and sales volumes for catalysts.

Third Quarter 2008 versus Second Quarter 2008

The technology and R&D segment had operating income of $62 million in the third quarter 2008 and $60 million in the second quarter 2008. The increase reflects higher sales volumes for catalysts, the recognition in the third quarter 2008 of a government subsidy recognized as a reduction to R&D expense partly offset by a decline in licensing revenue in the third quarter 2008 compared to the second quarter 2008.

FINANCIAL CONDITION

The following operating, investing and financing activities reflect the consolidation of Lyondell prospectively from December 20, 2007.

	For the nine months ended September 30,	
Millions of dollars	**2008**	**2007**
Source (use) of cash:		
Operating cash flow	$ (47)	$ 1,082
Investing cash flow	(1,696)	(201)
Financing cash flow	1,809	(1,522)

Operating Activities—Operating activities used cash of $47 million in the first nine months of 2008 and provided cash of $1,082 million in the first nine months of 2007. The first nine months of 2008 reflected the effects of lower earnings, working capital increases and certain annual and one-time payments, including one-time payments related to the acquired Lyondell operations, as reflected in Other, net.

In the first nine months of 2008, the main components of working capital – accounts receivable and inventory, net of accounts payable – used cash of $447 million compared to $233 million in the first nine months of 2007. The increase during the first nine months of 2008 primarily reflected the disruptive effects of Hurricane Ike on the Company's U.S Gulf Coast operations and the planned and unplanned outages related to the Houston refinery turnaround. In addition to turnaround-related expenditures, the Houston Refinery had to purchase lighter grades of crude oil on less favorable credit terms during the turnaround. Other factors contributing to the increase in the main components of working capital included one-time purchases of crude oil during the quarter on a cash basis by the Berre refinery, and a general tightening of trade credit in the industry.

The main components of working capital in the 2007 period primarily reflected the effects of escalating sale prices and raw material costs.

Investing Activities—Investing activities used cash of $1,696 million in the first nine months of 2008 and $201 million in the first nine months of 2007. The cash used in the first nine months of 2008 included $1,043 million for business acquisitions and $690 million of capital expenditures, partially offset by proceeds from the sales of assets and insurance claims related to damages sustained in 2005 at the polymers plant in Münchmünster, Germany. The cash used in 2007 was primarily related to capital expenditures.

As a result of financial difficulties experienced by major financial institutions beginning in the latter part of the third quarter of 2008, LyondellBasell Industries received notice that rights of redemption had been suspended with respect to a money market fund in which LyondellBasell Industries had invested approximately $174 million. As of October 31, 2008, LyondellBasell Industries had received $89 million and has been advised that additional redemptions are forthcoming. Based on publicly available information, LyondellBasell Industries has recorded a provision for an estimated loss of $5 million related to the money market fund and reclassified $169 million from cash and cash equivalents to short-term investments as of September 30, 2008.

On September 1, 2008, LyondellBasell Industries completed the sale of its TDI business, including production assets in Pont-du-Claix, France, related inventories, contracts, customer lists and intellectual property, receiving proceeds of €77 million ($113 million) (see Note 4 to Consolidated Financial Statements). In July 2008, LyondellBasell Industries completed the sale of its Sarnia plant in Canada, receiving proceeds of $18 million.

In April 2008, LyondellBasell Industries acquired the Shell oil refinery, inventory and associated infrastructure and businesses at the Berre l'Etang petrochemical complex in France for a purchase price of $766 million. Cash payments totaling $909 million comprises $536 million paid at closing, including $112 million for settlement of accrued contingent consideration and $373 million paid in the third quarter 2008 for final adjustment of working capital.

In February 2008, LyondellBasell Industries acquired Solvay Engineered Polymers, Inc., a leading supplier of polypropylene compounds in North America for $134 million. See Note 5 to the Consolidated Financial Statements.

The following table summarizes capital expenditures as well as 2008 planned capital spending.

Millions of dollars	Plan 2008	For the nine months ended September 30, 2008	For the nine months ended September 30, 2007
Capital expenditures by segment:			
Fuels	$ 205	$ 164	$ --
Chemicals	346	232	55
Polymers	440	263	133
Technology and R&D	43	21	14
Other	13	10	--
Total capital expenditures	$ 1,047	$ 690	$ 202

The higher 2008 capital expenditure levels compared to the first nine months of 2007 primarily reflected the acquisition of Lyondell.

Financing Activities—Financing activities provided cash of $1,809 million in the first nine months of 2008 and used cash of $1,522 million in the first nine months of 2007. The cash provided in 2008 primarily reflected a net $2,171 million borrowed under the credit facilities offset by $333 million of long-term debt repayments. The cash used in the first nine months of 2007 primarily reflected the net effect of borrowing under a new credit facility and the repayment of the previous credit facility as well as dividend payments of $291 million.

The net $2,171 million borrowed under the revolving credit facilities included $1,193 million borrowed under the Senior Secured Inventory-Based Credit Facility, $860 million under the senior secured revolving credit facility and $118 million under the accounts receivable securitization programs.

In the first nine months of 2008, repayments of long-term debt of $333 million included $158 million of Lyondell's 4% convertible debentures; $31 million principal amount due under Lyondell notes that were called in 2007, but were not tendered until the first quarter 2008; scheduled repayments of $110 million on the Senior Secured Credit Facility U.S. Tranche A and B Dollar Term Loans; $17 million and $15 million principal amounts, respectively, on the Senior Secured Credit Facility Dutch Tranche A Dollar Term Loan and German Tranche B Euro Term Loan.

In addition, in the first nine months of 2008, LyondellBasell Industries made payments totaling $44 million for fees primarily related to the April 2008 debt amendments described in the "Debt Agreement Amendments" section of "Liquidity and Capital Resources" below.

In March 2008, LyondellBasell Industries entered into a new senior unsecured $750 million, eighteen-month revolving credit facility, under which two subsidiaries of LyondellBasell Industries are borrowers. The $750 million revolving credit facility is in addition to the existing credit facilities available to LyondellBasell Industries and is provided to LyondellBasell Industries by Access Industries Holdings, LLC, an affiliate of the Access Group. The revolving credit facility has substantially the same terms as the Senior Secured Credit Facility except that it is unsecured and is not guaranteed by the subsidiaries of LyondellBasell Industries.

As of September 30, 2008, there were no borrowings outstanding under the facility. At each borrower's option, loans under the revolving credit facility bear interest at rates equal to LIBOR plus 6% or the higher of the (i) federal funds rate plus 0.5% and (ii) prime rate, plus, in each case, 5%. Interest rates may be adjusted, from time to time, based upon the First Lien Senior Secured Leverage Ratio as calculated at such time and as further described in the revolving credit facility.

Liquidity and Capital Resources— LyondellBasell Industries' consolidated balance sheet is highly levered and its available cash, access to additional capital and business and future prospects could be limited by its significant amount of debt and other financial obligations, restrictive loan covenants and the current condition of the capital markets. LyondellBasell Industries requires a significant amount of cash to service its indebtedness, and its ability to generate cash will depend on future operating performance, which could be affected by general economic, financial, competitive, legislative, regulatory, business and other factors, many of which are beyond its control.

LyondellBasell Industries' total liquidity, including cash on hand and unused availability under various liquidity facilities was $1,575 million at September, 30, 2008 compared to $2,856 million at June 30, 2008. The primary factors for the decline in liquidity included:

- The impacts of Hurricanes Ike and Gustav, which resulted in the temporary shutdown of 13 of the Company's 14 U.S. Gulf Coast plants.
- The turnaround of the Houston refinery, which was extended by the collapse of a contractor company's crane installed in preparation for the turnaround of a coker unit.
- Inability to access $169 million of cash equivalents, which were reclassified as short term investments. The Company subsequently collected $89 million of this amount and expects the remainder to be forthcoming within the next 12 months.
- Lower margins and a general decrease in demand for fuels, chemicals and polymers products, reflecting the present economic slowdown in a number of the Company's markets globally.
- Payment of the working capital settlement of $373 million related to the Berre refinery acquisition, partly offset by the benefit of adding the Berre refinery and the Solvay Engineered Plastics business in 2008.

The current global financial crisis and recessionary concerns have created substantial uncertainty for the global economy and the markets in which LyondellBasell Industries operates. The Company's markets are experiencing a softening of demand combined with continued unprecedented volatility in raw material costs. During the fourth quarter of 2008, polymer demand in major markets and spot prices for some of the Company's products have declined significantly. In addition, demand for gasoline in North America has declined substantially compared to the third quarter of 2007, which in turn has reduced the Company's margins in its fuels business. These conditions have also had a negative impact on trade credit available to the Company and its suppliers and customers.

These conditions, which are expected to continue during the fourth quarter of 2008 and which may continue into 2009, could place further demands on the Company's liquidity particularly in the first quarter when it historically has had significant operating cash flow requirements for annual compensation costs, property taxes, annual insurance premiums and annual rebate payments to customers. In addition, LyondellBasell Industries has two key debt compliance ratios based on EBITDA that the Company must continue to comply with in the fourth quarter of 2008 and in each quarter of 2009 and thereafter.

LyondellBasell Industries is taking steps to reduce costs, working capital and discretionary capital spending, including the temporary idling of one of its U.S. Gulf Coast ethylene facilities, representing 16 percent of its U.S. olefins capacity, and reduction of operating rates of certain integrated cracker operations as well as adjusting operating rates at its polymers facilities globally to optimize working capital requirements. Furthermore, the Company has expanded its synergy program to a broader, more substantial cost reduction program in anticipation of a potentially deeper economic downturn. As part of this program, LyondellBasell Industries is evaluating all of its strategic options with respect to asset utilization, including possible sales or other monetization of some assets, and a restructuring of the organization, including anticipated head count reductions of approximately 15 percent, to reduce costs. The Company expects full implementation of these programs within the next 12 to 18 months, but the benefits of these programs may not be realized until later periods. The Company expects to record a charge related to severance and related costs associated with the reorganization in the fourth quarter of 2008 and charges related to other costs associated with the potential impacts to the Company's assets as incurred.

LyondellBasell Industries believes that, with lower raw material costs, the post-hurricane restoration of substantially all of its U.S. Gulf Coast operations, the anticipated early December 2008 restart of the second coker unit at the Houston refinery, reduced capital expenditures and the implementation of its cost reduction initiatives, conditions will be such that the Company can comply with its debt covenants and that operating cash flows, together with availability under various liquidity facilities, will be adequate to meet anticipated future cash requirements, including scheduled debt service obligations, necessary capital expenditures and ongoing operations, for the foreseeable future. However, should demand for its products be significantly below the Company's expectations, unplanned plant outages occur or product margins compress below expectations, whether because raw material prices return to the high levels experienced in the first part of 2008 or otherwise, the Company's cash flow could be lower than expected or negative. While liquidity at the present time is adequate, a sustained lower-than-expected or negative cash flow could result in existing sources of liquidity not being adequate to fund operations and meet debt service requirements. Failure to comply with quarterly debt covenants will result in a default under the Company's loan agreements. See "Effects of Breach" below.

The consolidated financial statements of LyondellBasell Industries have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Total short-term and long-term debt, including current maturities, was $26,146 million as of September 30, 2008. Current maturities of long-term debt at September 30, 2008 included the annual amortization of $185 million under term loans A and B of the Senior Secured Credit Facility, and $1,293 million principal amount outstanding under LyondellBasell Industries' inventory-based credit facility. LyondellBasell Industries intends to reduce debt as market conditions permit.

In August 2008, Standard & Poor's Rating Services ("S&P") lowered LyondellBasell Industries' corporate rating to B from B+, citing weaker-than-expected earnings for the second quarter of 2008 and a more challenging business outlook for the coming quarters. The S&P outlook for LyondellBasell Industries remains negative. In May 2008, Moody's Investors Service affirmed LyondellBasell Industries' corporate rating at B1 and lowered its outlook for LyondellBasell Industries from stable to negative citing LyondellBasell Industries' lower than expected operating results and the effect the weakness in the U.S. olefins market may have on LyondellBasell Industries' plan to reduce debt.

During the third quarter of 2008, a planned maintenance turnaround of several units was commenced at the Houston refinery. On July 18, 2008, a crane installed in preparation for the turnaround of a coker unit collapsed resulting in four contractor fatalities, injuries to seven other contract workers and some physical damage at the refinery, primarily to one storage tank. As a result of the incident, the turnaround of the coker unit was extended through early December 2008 at which time the coker unit is expected to commence operations. The turnaround of the other Houston refinery units, including the crude unit, was completed and these units commenced operations in late August 2008. Investigations into the cause of the crane collapse are underway, including an inquiry by representatives of the U.S. Occupational Safety and Health Administration. A lawsuit against Lyondell has been filed. Management believes that the cumulative impact of any litigation related to this incident will not have a material adverse effect on the financial statements of LyondellBasell Industries.

LyondellBasell Industries' liquidity, including cash on hand and unused availability under various liquidity facilities, was $1,575 million at September 30, 2008. Total unused availability under various liquidity facilities available to LyondellBasell Industries was $952 million after giving effect to a total minimum unused availability requirement of $100 million under the Accounts Receivable Securitization Facility and the Senior Secured Inventory-Based Credit Facility, and included the following:

- $119 million under a $1,000 million Senior Secured Revolving Credit Facility, which matures in December 2013. Availability under the revolving credit facility is reduced to the extent of outstanding borrowings by LyondellBasell Industries under the credit facility and outstanding letters of guarantee and letters of credit provided under the credit facility. As of September 30, 2008, there were $21 million of letters of guarantee and letters of credit outstanding. At September 30, 2008, the outstanding borrowing under the Senior Secured Revolving Credit Facility was $860 million.

- $175 million under LyondellBasell Industries' five-year $1,150 million Accounts Receivable Securitization Facility, after giving effect to the amount of accounts receivable available for sale and outstanding amounts of accounts receivable sold at September 30, 2008. The agreement currently permits the sale of up to $1,150 million of total interest in domestic accounts receivables. At September 30, 2008, the outstanding amount of accounts receivable sold under the Accounts Receivable Securitization Facility was $975 million.

- $8 million in total under a five-year $1,600 million Senior Secured Inventory-Based Credit Facility of LyondellBasell Industries, after giving effect to the borrowing base net of $299 million of outstanding letters of credit under the Senior Secured Inventory-Based Credit Facility as of September 30, 2008. The borrowing base is determined using a formula applied to inventory balances. At September 30, 2008, the outstanding borrowing under the Senior Secured Inventory-Based Credit Facility was $1,293 million.

- $750 million under the senior unsecured eighteen-month revolving credit facility provided to LyondellBasell Industries by Access Industries Holdings, LLC. At September 30, 2008, there were no outstanding borrowings under the facility.

LyondellBasell Industries also has two additional accounts receivable securitization programs, which provide funding up to €620 million ($889 million) and $200 million, respectively, to certain European and U.S. subsidiaries. Amounts available under the European and U.S. facilities, which mature in December 2012 and July 2010, respectively, are based on eligible receivables determined by formulae. LyondellBasell Industries obtained amendments to the U.S. facility during the third quarter of 2008 that, among other things, increased pricing under the agreement. In April 2008, these programs were amended to add additional subsidiaries of LyondellBasell Industries as sellers under the programs. In August 2008, S&P downgraded the LyondellBasell Industries' corporate credit rating. As a result, LyondellBasell Industries has daily reporting requirements under the €620 million accounts receivable securitization facility, which could impact the availability of funds under the facility in the future. The facilities, which were fully utilized at September 30, 2008, had an aggregate amount outstanding of $952 million at September 30, 2008.

LyondellBasell Industries' liquidity may be negatively affected due to the effects of the current weak business conditions on accounts receivable and inventory levels, which determine the borrowing base under, respectively, the Accounts Receivable Securitization Facility and the Senior Secured Inventory-Based Credit Facility. Illiquidity in global financial markets could also affect LyondellBasell Industries' access to funds under its liquidity facilities.

The fair values of LyondellBasell Industries' pension plans assets have decreased since December 31, 2007 as a result of significant turmoil in financial markets. For additional information, see Note 16 to LyondellBasell Industries Consolidated Financial Statements. Further declines in the fair values of the pension plans assets could require additional payments by LyondellBasell Industries in order to maintain specified funding levels.

In connection with the BASF Corporation lawsuit described in the "Litigation" section of Note 18 to the Consolidated Financial Statements, Lyondell posted appeal bonds, which are collateralized by a $200 million letter of credit issued under the inventory-based credit facility.

Capital Markets—The recent volatility in global financial markets has created a considerable amount of uncertainty as major financial institutions undergo financial difficulties. LyondellBasell Industries is monitoring its positions with these institutions and taking steps to minimize its exposure to potential loss.

In this regard, the Structured Financing Transaction was terminated during October 2008. For additional information, see "Structured Financing" below. In addition, LyondellBasell Industries has derivative contracts with counterparties that include major financial institutions reported to be experiencing financial difficulties. The fair values of these derivative contracts at September 30, 2008 resulted in aggregate receivables of $92 million and payables of $31 million. LyondellBasell Industries is monitoring the risk of nonperformance by the counterparties to these financial instruments.

During the first nine months of 2008, the Company entered into interest rate swap agreements, maturing in 2013, for notional amounts of $2,350 million under which LyondellBasell Industries variable rate, long-term debt will effectively be converted to fixed rate debt. Settlements under those agreements will begin in April 2009.

LyondellBasell Industries makes short-term investments in money market funds. In September 2008, LyondellBasell Industries received notice that rights of redemption had been suspended with respect to a money market fund in which LyondellBasell Industries had invested approximately $174 million. As of October 31, 2008, LyondellBasell Industries had received $89 million and has been advised that additional redemptions are forthcoming. As a result, in September 2008 LyondellBasell Industries recognized a pretax loss related to its investment in that money market fund and reclassified $169 million from cash and cash equivalents to short-term investments as of September 30, 2008. Other short-term investments have been moved into Treasury Money Market Funds to minimize potential loss exposure.

Senior Secured Credit Facility—The Senior Secured Credit Facility contains covenants that, subject to certain exceptions, restrict, among other things, debt incurrence, lien incurrence, investments dividends and distributions, certain payments on indebtedness, sales of assets and mergers, amendment of terms of certain indebtedness and material obligations, the conduct of business, and affiliate transactions or transactions limiting LyondellBasell Industries' and certain of its subsidiaries' ability to make distributions or to incur or permit liens. In addition, the credit facility contains covenants that establish maximum levels of annual capital expenditures and require LyondellBasell Industries to maintain specified financial ratios: (1) the First Lien Secured Leverage Ratio, as defined, may not exceed 3.75:1 on a consolidated basis and (2) the Consolidated Debt Service Ratio, as defined, may not be less than 1.1:1.

The Senior Secured Credit Facility is secured by first priority interests in all material assets including, but not limited to, material fee-owned property and equipment, general intangibles, investment and intellectual property, and proceeds of the foregoing, as well as share capital of certain subsidiaries, of all borrowers and guarantors under the facility, except certain assets of Millennium.

In April 2008, LyondellBasell Industries amended and restated the Senior Secured Credit Facility. See "Debt Agreement Amendments" below.

Inventory-Based Credit Facility—In April 2008, LyondellBasell Industries obtained an amendment to its Senior Secured Inventory-Based Credit Facility, and exercised its option to increase the commitment under the facility by $600 million. As a result aggregate commitments under the facility increased to $1,600 million from $1,000 million (see "Debt Agreement Amendments" below).

The Senior Secured Inventory-Based Credit Facility contains restrictive covenants and covenants that establish maximum levels of capital expenditures, all of which are substantially similar to the Senior Secured Credit Facility. The Senior Secured Inventory-Based Credit Facility also provides that if for any period of four consecutive quarters the Fixed Charge Coverage Ratio, as defined, of LyondellBasell Industries, on a consolidated basis, is less than 1.1:1, then during the next quarter, Total Excess Availability (as defined) may not be less than $200 million for five consecutive business days or more, unless, on each such day, Total Excess Availability is at least $150 million and Total Collateral Availability (as defined) is at least $275 million. The proceeds of loans under the Inventory-Based Credit Facility may not be used by the LyondellBasell Industries subsidiaries that are borrowers under the facilities to make certain dividends or distributions in the event that the daily average Total Excess Availability fails to exceed $225 million on any of the five consecutive business days prior to the date of the dividend or distribution.

Accounts Receivable Securitization Facility—At the option of LyondellBasell Industries, the Accounts Receivable Securitization Facility may be increased, provided that the total aggregate amount of increase in the Accounts Receivable Securitization Facility and the Senior Secured Inventory-Based Credit Facility does not exceed $600 million. As discussed above, effective April 30, 2008, LyondellBasell Industries increased the Senior Secured Inventory-Based Credit Facility to $1.6 billion and effective May 6, 2008, amended the Accounts Receivable Securitization Facility. See "Debt Agreement Amendments" below. The Accounts Receivable Securitization Facility contains restrictive covenants similar to the covenants contained in the Senior Secured Credit Facility, Senior Secured Inventory-Based Credit Facility and the Interim Loan.

Interim Loan and Amendments—The Interim Loan is secured by a second priority interest over the collateral securing the Senior Secured Credit Facility. The Interim Loan, together with the proceeds from other borrowings, was used to finance the acquisition of Lyondell. If not repaid or exchanged prior to the 12 month tenure, the Interim Loan converts to a senior secured loan in December 2008 and is due June 2015. The Interim Loan bears interest at LIBOR plus an initial margin of 4.625%, which margin increased by 0.5% in each of June 2008 and September 2008 , and increases by 0.5% for each three-month period thereafter, subject to a maximum interest rate of 12% per annum (or 12.5% in the event of certain ratings declines) (the "Applicable Margin"). As of June 16, 2008, LyondellBasell Industries began paying interest on the Interim Loan at an annual rate of 12%.

On October 17, 2008, the agreement governing the Interim Loan was amended and restated. Under the amended and restated agreement, the $8 billion principal amount of initial loans outstanding were retranched into:

(a) $3.5 billion of fixed rate second lien loans, which bear interest at a rate equal to 12% per annum (12.5% in the case of certain ratings downgrades),

(b) $2.0 billion of floating rate second lien loans and

(c) $2.5 billion of floating rate third lien loans.

All of the floating rate loans bear interest at a rate equal to LIBOR (in the case of U.S. dollar loans) or EURIBOR (in the case of euro loans) plus the Applicable Margin.

The economic impact of the interest rates applicable to the retranched loans is effective as of June 16, 2008.

The amendments also include provisions allowing lenders

(i) within 180 days after October 17, 2008, to convert retranched fixed rate second lien loans into fixed rate second lien notes or a combination of fixed rate second lien notes and up to $1 billion in aggregate principal amount of fixed rate third lien notes and/or fixed rate unsecured notes (and pursuant to a notice provided by the lenders on October 17, 2008, all of the fixed rate second lien loans will automatically convert into fixed rate second lien notes if no election is made by the lenders to convert a portion of the fixed rate second lien loans to fixed rate third lien or unsecured notes within this 180-day period) and

(ii) following the time that the fixed rate second lien loans have been converted into exchange notes and certain lenders under the amended and restated agreement hold, in aggregate, less than $950 million of such notes, to convert new floating rate second lien loans into fixed rate second lien notes and to convert new floating rate third lien loans into fixed rate third lien notes and/or fixed rate unsecured notes. In all such cases, the exchange notes will bear interest at a rate equal to 12% per annum (12.5% in the case of certain ratings downgrades), may be denominated in euro or dollars, and will have maturity dates between June 2015 and December 2019.

In addition, the amendments include revisions to some of the terms of the exchange notes to make them consistent, in some instances, with similar provisions of the senior secured credit facility. The amendments also make other changes, including technical and typographical corrections.

In April 2008, LyondellBasell Industries obtained an amendment to its Interim Loan. See "Debt Agreement Amendments" below. For additional information, see Note 14 to the Consolidated Financial Statements.

Debt Agreement Amendments—Under the terms of the financing for the Lyondell acquisition, the joint lead arrangers ("JLAs") retained the right to flex certain provisions of the financing, including pricing and the reallocation and retranching of the Term Loans. Effective April 30, 2008, the JLAs exercised the price flex provisions and, in conjunction with the exercise, the Senior Secured Credit Facility was amended to (i) convert each of the U.S. Tranche B Dollar Term Loan and the German Tranche B Euro Term Loan into three separate tranches, some of which tranches are subject to a prepayment penalty, (ii) increase interest rates and fee rates by 0.5%, (iii) establish a LIBOR floor of 3.25% on the U.S. Tranche B Dollar Term Loan, (iv) modify certain debt covenants, including increasing a general debt basket from $750 million to $1,000 million, eliminating an interest rate hedging requirement, increasing the asset backed facility basket by $500 million, and adding a covenant prohibiting reduction of aggregate commitments under the Revolving Credit Facility with Access Industries before its initial maturity, (v) amend the calculation of Consolidated EBITDA to reflect adjustments for 2007 FIFO accounting, and (vi) make other changes, including technical and typographical corrections.

In conjunction with the exercise by the JLAs of their flex rights, additional amendments were made to each of the Interim Loan, Senior Secured Inventory-Based Credit Facility, Revolving Credit Facility with Access Industries and Accounts Receivable Securitization Facility. The amendments to the Interim Loan and Senior Secured Inventory-Based Credit Facility and the Revolving Credit Facility with Access Industries were effective on April 30, 2008. The amendments to the Accounts Receivable Securitization Facility were effective on May 6, 2008.

Each of the Interim Loan, the Senior Secured Inventory-Based Credit Facility, the Accounts Receivable Securitization Facility and Revolving Credit Facility with Access Industries were amended to (i) conform to certain of the amendments to the Senior Secured Credit Facility and (ii) make other changes, including technical and typographical corrections. In addition, the Senior Secured Inventory-Based Credit Facility was amended to allow LyondellBasell Industries the future option to increase the aggregate amount of commitments under the facility by a further $500 million.

Under the terms of the Senior Secured Inventory-Based Credit Facility, as amended, Lyondell could elect to increase commitments under the facility by up to an aggregate $1,100 million. Effective April 30, 2008, Lyondell exercised the option to increase the facility by $600 million and, as a result, aggregate commitments under the facility increased from $1,000 million to $1,600 million. Concurrent with the exercise of the increase in commitments, Lyondell Chemical Company became a lien grantor and added the following as collateral: (i) a first priority pledge of all equity interests owned by Lyondell Chemical Company in, and all indebtedness owed to it by, LyondellBasell Receivables I, LLC (the seller under the Accounts Receivable Securitization Facility) and (ii) a first priority security interest in all accounts receivable, inventory and related assets owned by Lyondell Chemical Company, subject to customary exceptions.

Senior Notes due 2015—Under the Senior Notes, the Company is required to comply with covenants related to the conduct of its business. Non-compliance with any of these covenants would constitute an event of default.

Certain subsidiaries of the Company have provided guarantees for the obligations of the Company as issuer of the Senior Notes subject to typical limitations required in the relevant jurisdictions.

The Company as issuer of the Senior Notes has granted a pledge over shares in its subsidiary Basell Funding S.à r.l. and a pledge over the loan whereby the proceeds of the Senior Notes were loaned to Basell Holdings B.V. Such security is a second-rank security subordinated to any security granted to the lenders under the Senior Secured Credit Facility.

Guaranteed Notes due 2027—The Guaranteed Notes are guaranteed by Basell Holdings B.V., a subsidiary of LyondellBasell Industries. The 2027 Guaranteed Notes provide certain restrictions with respect to the level of maximum debt that can be incurred and security that can be granted by the operating companies in Italy, The Netherlands and the U.S. and which are wholly owned subsidiaries of Basell Holdings B.V.

Structured Financing—In July 2007, the Company entered into a structured financing transaction with a European bank (the "Bank"). Upon closing, Basell Funding S.à r.l., Luxembourg, ("BFS") granted to BAFB B.V. ("BAFB"), the Netherlands, Dutch *certificaten van aandelen* ("Certificates") with respect to 50 fixed-return preferred shares issued by Basell Holdings B.V., Netherlands ("BH") for a consideration of €1,000 million ($1,344 million). The Certificates gave BAFB the right to receive from LyondellBasell Industries dividends and other distributions that BFS received from BH in relation to the preferred shares. BAFB was incorporated by the Bank with ordinary shares of €1,000 million. LyondellBasell Industries and the Bank further entered into a put and call option agreement with respect to the shares of BAFB whereby at any moment at their respective sole discretion either LyondellBasell Industries could call or the Bank could put the shares of BAFB for a purchase price of €1,000 million. As a consequence of this arrangement LyondellBasell Industries was deemed to control BAFB. The majority of BAFB's stock was owned by the Bank and the Bank acted as its managing director. The Company invested the proceeds in a pledged deposit with an affiliate of the Bank bearing interest at floating market rates which were swapped to a fixed rate of interest through an interest rate swap. On September 29, 2008, the Company exercised its option to call the BAFB shares. On October 15, 2008, the Company redeemed the BAFB shares using the restricted cash of €1,000 million ($1,363 million) and terminated the related interest rate swap, resulting in the recognition of non-cash charges to interest of $55 million. The Company did not incur breakage costs related to the termination of this transaction.

Other Debt—Other debt includes debt of Lyondell and its subsidiaries, which is subject to the security and covenant requirements of the respective indentures for such debt.

The Debentures due 2010 and 2020 and the 7.55% Senior Notes due 2026 are equally and ratably secured with the Senior Secured Credit Facilities, with respect to certain operating plants, and their respective indentures contain covenants that, subject to exceptions, restrict, among other things, lien incurrence, sale and leaseback transactions and mergers.

Pursuant to the indenture governing the Debentures due 2023 and subsequent to the acquisition, the Debentures were convertible at a conversion rate of 75.7633 shares of Lyondell common stock per one thousand dollar principal amount of the Debentures. The Debentures outstanding at December 31, 2007 were paid in cash of $158 million in January 2008.

The indenture for the 7.625% Senior Debentures due 2026 contains covenants that, subject to exceptions, restrict, among other things, debt incurrence by subsidiaries, lien incurrence, sale and leaseback transactions and mergers. The 7.625% Senior Debentures due 2026 are unsecured.

The Company is in compliance with all covenants at September 30, 2008.

Effects of a breach— A breach of its covenants or the failure to pay principal and interest when due under any of the indenture for the notes, Interim Loan, Senior Secured Credit Facilities, Access Revolving Credit Facility, Asset-Based Facilities or its other indebtedness could result in a default or cross-default under all or some of those instruments. If any such default or cross-default occurs, the applicable lenders may elect to declare all outstanding borrowings, together with accrued interest and other amounts payable thereunder, to be immediately due and payable. In such circumstances, the lenders under the Senior Secured Credit Facilities, the Access Revolving Credit Facility and the Senior Secured Inventory-Based Credit Facility also have the right to terminate any commitments they have to provide further borrowings, and the counterparties under the Accounts Receivable Facility, as well as under legacy Basell U.S. and European securitization programs, may terminate further purchases of interests in accounts receivable and receive all collections from previously sold interests until they have collected on their interests in those receivables, thus reducing the entity's liquidity. In addition, following such an event of default, the lenders under the Senior Secured Credit Facilities and the counterparties under the Senior Secured Inventory-Based Credit Facility have the right to proceed against the collateral granted to them to secure the obligations, which in some cases includes its available cash. If the obligations under the indenture for the notes, Interim Loan, Senior Secured Credit Facilities, the Access Revolving Credit Facility, the Asset-Based Facilities or any other material financing arrangement were to be accelerated, it is not likely that the obligors would have, or be able to obtain, sufficient funds to make these accelerated payments, and as a result LyondellBasell Industries or one or more of its subsidiaries could be forced into bankruptcy or liquidation.

Off-Balance Sheet Arrangements—LyondellBasell Industries is a party to a $1,150 million Accounts Receivable Securitization Facility that matures in December 2012 and that has some characteristics of an off-balance sheet arrangement. In May 2008, certain amendments to the facility were effected as described in the "Debt Agreement Amendments" section of Liquidity and Capital Resources.

CURRENT BUSINESS OUTLOOK

During October 2008, LyondellBasell Industries' Houston refinery and substantially all Gulf Coast chemical operations were restarted following the hurricane. The maintenance turnaround of the Houston refinery coker unit is expected to be completed and the unit returned to production in early December 2008.

The current global financial crisis and recessionary concerns have created substantial uncertainty for the global economy and the markets in which LyondellBasell Industries operates. The Company's markets are experiencing a softening of demand combined with continued unprecedented volatility in raw material costs. During the fourth quarter of 2008, polymer demand in major markets and spot prices for some of the Company's products have declined significantly. In addition, demand for gasoline in North America has declined substantially compared to the third quarter of 2007, which in turn has reduced the Company's margins in its fuels business. These conditions have also had a negative impact on trade credit available to the Company and its suppliers and customers.

These conditions, which are expected to continue during the fourth quarter of 2008 and which may continue into 2009, could place further demands on the Company's liquidity particularly in the first quarter when it historically has had significant operating cash flow requirements for annual compensation costs, property taxes, annual insurance premiums and annual rebate payments to customers. In addition, LyondellBasell Industries has two key debt compliance ratios based on EBITDA that the Company must continue to comply with in the fourth quarter of 2008 and in each quarter of 2009 and thereafter.

LyondellBasell Industries is taking steps to reduce costs, working capital and discretionary capital spending, including the temporary idling of one of its U.S. Gulf Coast ethylene facilities, representing 16 percent of its U.S. olefins capacity, and reduction of operating rates of certain integrated cracker operations as well as adjusting operating rates at its polymers facilities globally to optimize working capital requirements. Furthermore, the Company has expanded its synergy program to a broader, more substantial cost reduction program in anticipation of a potentially deeper economic downturn. As part of this program, LyondellBasell Industries is evaluating all of its strategic options with respect to asset utilization, including possible sale or other monetization of some assets, and a restructuring of the organization, including anticipated head count reductions of approximately 15 percent, to reduce costs. The Company expects full implementation of these programs within the next 12 to 18 months. The Company expects to record a charge related to severance and related costs associated with the reorganization in the fourth quarter of 2008 and charges related to other costs associated with the potential impacts to the Company's assets as incurred.

ACCOUNTING AND REPORTING CHANGES

For a discussion of the potential impact of new accounting pronouncements on LyondellBasell Industries' consolidated financial statements, see Note 2 to the Consolidated Financial Statements.

Disclosure of Market Risk

Commodity Price Risk—At September 30, 2008, futures contracts for 27 million gallons of gasoline in the notional amount of $67 million, maturing from November 2008 through January 2009, were outstanding. The fair value, based on quoted market prices, resulted in net receivables of $5 million at September 30, 2008. Using sensitivity analysis and a hypothetical unfavorable change in market prices ranging from 21% to 61% based on historical price changes reflecting the tenor of open positions from those in effect at September 30, 2008, the effect would be to reduce net income by approximately $2 million.

At September 30, 2008 swaps for 5 million barrels of crude oil and distillates in the notional amount of $179 million, maturing from October 2008 through April 2009, were outstanding. The fair value, based on quoted market prices, resulted in a net receivable of $87 million at September 30, 2008. Using sensitivity analysis and hypothetical unfavorable changes in market prices ranging from 74% to 204% based on historical price changes reflecting the tenor of open positions from those in effect at September 30, 2008, the effect would be to reduce net income by approximately $137 million.

Interest Rate Risk—At September 30, 2008, LyondellBasell Industries had interest rate swap agreements under which a total of $2,350 million notional amount of LyondellBasell Industries variable rate, long-term debt will effectively be converted to fixed rate debt. The fair value of the swap resulted in a net payable of $22 million at September 30, 2008. Using sensitivity analysis and a hypothetical unfavorable change in interest rates of 50 basis points from those in effect at September 30, 2008, or approximately 12%, the effect of the interest rate swap would be to reduce net income by $28 million.

Also at September 30, 2008, LyondellBasell Industries had cross-currency interest rate swaps under which a total of $365 million notional amount of payments of fixed interest and upon maturity, principal amounts in euros are exchanged for corresponding receipts in U.S. dollars. Using sensitivity analysis and a hypothetical unfavorable change in foreign exchange rates from those in effect at September 30, 2008, the effect of the cross-currency swaps would be to decrease income by $27 million.

The quantitative information about market risk is necessarily limited because it does not take into account the effects of the underlying operating and financial transactions.

FORWARD-LOOKING STATEMENTS

Certain of the statements contained in this report are "forward-looking statements" within the meaning of the U.S. federal securities laws. Forward-looking statements can be identified by words such as "estimate," "believe," "expect," "anticipate," "plan," "budget" or other words that convey the uncertainty of future events or outcomes. Many of these forward-looking statements have been based on expectations and assumptions about future events that may prove to be inaccurate. While LyondellBasell Industries' management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond LyondellBasell Industries' control. LyondellBasell Industries' actual results (including the results of its joint ventures) could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to:

- LyondellBasell Industries' ability to comply with debt covenants and service its substantial debt,
- the availability, cost and price volatility of raw materials and utilities, particularly the cost of oil and natural gas,
- uncertainties associated with the U.S. and worldwide capital markets and economies,
- the supply/demand balances for LyondellBasell Industries' and its joint ventures' products, and the related effects of industry production capacities and operating rates,
- legal, tax and environmental proceedings,
- the cyclical nature of the chemical and refining industries,
- available cash and access to capital markets,
- technological developments, and LyondellBasell Industries' ability to develop new products and process technologies,
- operating interruptions (including leaks, explosions, fires, weather-related incidents, mechanical failure, unscheduled downtime, supplier disruptions, labor shortages or other labor difficulties, transportation interruptions, spills and releases and other environmental risks),
- current and potential governmental regulatory actions in the U.S. and in other countries,
- international political unrest and terrorist acts,
- competitive products and pricing pressures,
- LyondellBasell Industries' ability to successfully integrate Lyondell, and
- risks and uncertainties posed by international operations, including foreign currency fluctuations.

Any of these factors, or a combination of these factors, could materially affect LyondellBasell Industries' future results of operations (including those of its joint ventures) and the ultimate accuracy of the forward-looking statements. These forward-looking statements are not guarantees of future performance, and LyondellBasell Industries' actual results and future developments (including those of its joint ventures) may differ materially from those projected in the forward-looking statements. LyondellBasell Industries' 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 forward-looking statements in this report are qualified in their entirety by the cautionary statements contained in this section and elsewhere in this report. See "Business," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations of LyondellBasell Industries" for additional information about factors that may affect LyondellBasell Industries' businesses and operating results (including those of its joint ventures). These factors are not necessarily all of the important factors that could affect LyondellBasell Industries and its joint ventures. Use caution and common sense when considering these forward-looking statements. LyondellBasell Industries does not intend to update these statements unless applicable securities laws require it to do so.

In addition, this report contains summaries of contracts and other documents. These summaries may not contain all of the information that is important to an investor and reference is made to the actual contract or document for a more complete understanding of what is discussed in this report, the contract or document involved.

OTHER INFORMATION

Legal Proceedings

Litigation Matters

LyondellBasell Industries, its subsidiaries and its joint ventures are, from time to time, defendants in lawsuits, some of which are not covered by insurance. Many of these suits make no specific claim for relief. Although final determination of legal liability and the resulting financial impact with respect to any such litigation cannot be ascertained with any degree of certainty, LyondellBasell Industries does not believe that any ultimate uninsured liability resulting from the legal proceedings in which it or its joint ventures currently are involved (directly or indirectly) will individually, or in the aggregate, have a material adverse effect on the business or financial position of LyondellBasell Industries. However, the adverse resolution in any reporting period of one or more of these suits could have a material impact on LyondellBasell Industries' results of operations for that period, which may be mitigated by contribution or indemnification obligations of co-defendants or others, or by any insurance coverage that may be available.

Although LyondellBasell Industries and its joint ventures are involved in numerous and varied legal proceedings, a significant portion of their outstanding litigation arose in five contexts: (1) claims for personal injury or death allegedly arising out of exposure to the products produced by or located on the premises of the respective entities; (2) claims for personal injury or death, and/or property damage allegedly arising out of the generation and disposal of chemical wastes at Superfund and other waste disposal sites; (3) claims for personal injury, property damage and/or air, noise and water pollution allegedly arising out of operations; (4) employment and benefits related claims; and (5) commercial disputes.

Merger-Related Litigation—Two shareholder lawsuits styled as class actions have been filed against LyondellBasell Industries, its subsidiary that merged with and into LCC on December 20, 2007 ("Merger Sub"), and LCC and its former directors. The lawsuits are entitled *Plumbers and Pipefitters Local 51 Pension Fund, On Behalf of Itself and Others Similarly Situated v. Lyondell Chemical Company, et al.* (filed July 23, 2007 in the District Court of Harris County, Texas) and *Walter E. Ryan Jr., Individually and on Behalf of All Other Similarly Situated v. Lyondell Chemical Company, et al.* (filed August 20, 2007 in the Court of Chancery of the State of Delaware). The complaints generally allege that (1) LCC's board of directors breached their fiduciary duties in negotiating and approving the merger and by administering an unfair sale process that failed to maximize shareholder value, and engaged in self dealing by obtaining unspecified personal benefits in connection with the merger not shared equally by other shareholders; and (2) LCC, LyondellBasell Industries and Merger Sub aided and abetted the LCC board of directors in breaching their fiduciary duties. In addition, the complaints allege that LCC and its board of directors failed to disclose in the preliminary proxy statement certain information regarding the merger and the process leading up to the merger. The plaintiffs in these lawsuits sought to enjoin the merger. In the Texas case, a hearing was held on November 9, 2007 on a motion filed by plaintiff for a preliminary injunction against the merger and the taking of the shareholder vote. On November 13, 2007, the judge in the Texas case denied the plaintiff's motion for preliminary injunction. On February 1, 2008, the judge granted a plea to the jurisdiction and dismissed the case; the deadline for plaintiff to appeal this decision expired March 3, 2008. In the Delaware case, a hearing was held on November 26, 2007 on motions filed by defendants for summary judgment and for certification of the plaintiff class. The court granted the motion for certification and did not rule on the motion for summary judgment. On July 29, 2008, the court issued an order on the pending summary judgment motions and granted summary judgment in favor of the defendants on all claims other than certain claims related to LCC's board of directors and LCC. The merger was consummated on December 20, 2007. Plaintiffs seek rescission of the merger, a constructive trust upon any benefits improperly received by any of the defendants, other unspecified equitable relief, and an award of attorneys' fees and costs. LyondellBasell Industries believes that the lawsuits are without merit and that it has valid defenses to all claims and will vigorously defend this litigation.

Basell—Two legacy Basell subsidiaries, Basell UK Ltd. and Basell Polyolefins UK Ltd., are subject to a claim related to the U.K. pension fund of a former shareholder. The claim was made following the termination of the membership of these two subsidiaries in the fund in connection with the 2005 acquisition of Basell by Access. The trustee committee of the fund claimed an exit fee of GBP 44 million on the basis of certain actuarial and financial assumptions, which LyondellBasell Industries disputed. Subsequently, the fund accepted certain financial assumptions argued by Basell, and issued a reduced exit fee invoice. LyondellBasell Industries plans to vigorously defend this claim, and believes that a significant portion of any exit fee can be charged to one of the former shareholders based on indemnification clauses in earlier merger agreements and the provisions of a service agreement. In the absence of a settlement of the exit fee under the UK pension scheme, the amount of the indemnity claim is not yet determinable. LyondellBasell Industries does not expect the resolution of these matters to result in any material adverse effect on its business, financial position, liquidity or results of operations.

LCC—During the third quarter 2008, a planned maintenance turnaround of several units was commenced at the Houston refinery. On July 18, 2008, a crane installed in preparation for the turnaround of a coker unit collapsed resulting in four contractor fatalities, injuries to seven other contract workers and some physical damage at the refinery, primarily to one storage tank. As a result of the incident, the turnaround of the coker unit was extended through early December 2008 at which time the coker unit is expected to commence operations. The turnaround of the other Houston refinery units, including the crude unit, was completed and these units commenced operations in late August 2008. Investigations into the cause of the crane collapse are underway, including an inquiry by representatives of the U.S. Occupational Safety and Health Administration. A lawsuit against Lyondell has been filed. LyondellBasell Industries does not expect the resolution of these matters to result in any material adverse effect on its business, financial position, liquidity or results of operations.

On April 12, 2005, BASF Corporation ("BASF") filed a lawsuit against LCC in the Superior Court of New Jersey, Morris County asserting various claims relating to alleged breaches of a propylene oxide sales contract and seeking damages in excess of $100 million. LCC denies it breached the contract. LCC believes the maximum refund due to BASF is $22.5 million on such propylene oxide sales and has paid such amount to BASF. On August 13, 2007, the jury returned a verdict in favor of BASF in the amount of approximately $170 million (which includes the above $22.5 million). On October 3, 2007, the judge determined that prejudgment interest on the verdict would be $36 million. LCC is appealing this verdict and has posted a bond, which is collateralized by a $200 million letter of credit. LyondellBasell Industries does not expect the verdict to result in any material adverse effect on its business, financial position, liquidity or results of operations.

Beginning November 2004, several lawsuits styled as class actions on behalf of U.S. purchasers were filed in federal court against LCC and certain other chemical companies alleging violations of U.S. antitrust law in connection with the manufacture and sale of polyether polyols, methylene diphenyl diisocyanate ("MDI") and toluene diisocyanate ("TDI"), and seeking treble damages in an unspecified amount. The lawsuits have been consolidated by the Judicial Panel for Multidistrict Litigation in the United States District Court for the District of Kansas. In addition, in May 2006, two lawsuits styled as class actions were filed in the Ontario Superior Court of Justice, London, Ontario, Canada and the Superior Court, Province of Quebec, District of Quebec, Canada, both alleging claims and seeking relief similar to that in the Multidistrict Litigation. In June 2007, LCC was named as an additional defendant in a case previously filed in the Superior Court for the State of California, County of San Francisco, on behalf of indirect purchasers of polyether polyols, MDI and TDI and other products alleging claims and seeking relief similar to that in the Multidistrict Litigation. The case has been stayed pending further order of the California court. LCC believes that it has valid defenses to all claims. Also, LCC received a document subpoena dated February 15, 2006 from the Antitrust Division of the U.S. Department of Justice (the "DOJ") regarding the manufacture and sale of the above products. LCC cooperated with the DOJ in connection with the subpoena and, on December 10, 2007, the DOJ notified LCC that it had closed the grand jury investigation of possible antitrust violations by manufacturers of TDI, MDI and polyether polyols. At this time, LCC believes it has not violated any antitrust laws. LyondellBasell Industries does not expect the resolution of these matters to result in any material adverse effect on its business, financial position, liquidity or results of operations.

Millennium—Together with alleged past manufacturers of lead-based paint and lead pigments for use in paint, Millennium has been named as a defendant in various legal proceedings alleging personal injury, property damage, and remediation costs allegedly associated with the use of these products. The plaintiffs include individuals and governmental entities, and seek recovery under a variety of theories, including negligence, failure to warn, breach of warranty, conspiracy, market share liability, fraud, misrepresentation and nuisance. The majority of these legal proceedings assert unspecified monetary damages in excess of the statutory minimum and, in certain cases, seek equitable relief such as abatement of lead-based paint in buildings. Legal proceedings relating to lead pigment or paint are in various trial stages and post-dismissal settings, some of which are on appeal.

Millennium's defense costs to date for lead-based paint and lead pigment litigation largely have been covered by insurance. Millennium has not accrued any liabilities for any lead-based paint and lead pigment litigation. Millennium has insurance policies that potentially provide approximately $1 billion in indemnity coverage for lead-based paint and lead pigment litigation. Millennium's ability to collect under the indemnity coverage would depend upon, among other things, the resolution of certain potential coverage defenses that the insurers are likely to assert and the solvency of the various insurance carriers that are part of the coverage block at the time of such a request. As a result of insurance coverage litigation initiated by Millennium, an Ohio trial court issued a decision in 2002 effectively requiring certain insurance carriers to resume paying defense costs in the lead-based paint and lead pigment cases. Indemnity coverage was not at issue in the Ohio court's decision. On February 23, 2006, certain Lloyd's, London insurance underwriters filed a declaratory judgment action in the Supreme Court of the State of New York (trial court) against several of their policyholders, including Millennium, contesting their responsibility to provide insurance coverage for all of the lead-based paint and lead pigment cases, including the Rhode Island case discussed below. On March 7, 2006, Millennium filed an amended complaint in the Ohio case referenced above that revived its Ohio state court litigation, seeking, among other relief, a declaratory judgment as to the responsibility of all of its insurance carriers for any judgments or settlements in connection with any lead-based paint and lead pigment litigation involving Millennium. On April 26, 2006, the judge in the Ohio case granted Millennium's motion to amend the complaint to include all insurance carriers. On March 14, 2006, Millennium filed a motion to dismiss the New York case in favor of the pre-existing Ohio action, and on August 8, 2006, the Supreme Court of the State of New York dismissed the declaratory judgment action as to all carriers except those that asserted cross claims against Millennium, which cross claims were stayed. On or about October 5, 2006, Lloyd's, London filed a notice of appeal of the New York trial court's decision. This appeal was heard by the New York Supreme Court Appellate Division on October 3, 2007. On October 25, 2007, the Appellate Division upheld the trial court's dismissal of Lloyd's, London's declaratory judgment action. In addition to the declaratory judgment action initiated by certain Lloyd's, London underwriters, certain excess carriers filed cross-claims in New York seeking similar declaratory relief. These claims were initially stayed and were subsequently dismissed on September 18, 2007. On December 28, 2007, some, but not all, of these excess carriers filed a notice of appeal of the trial court's dismissal. On October 29, 2008, the Ohio case was stayed, over Millennium's objection, on the ground that as a result of the Rhode Island Supreme Court decision, the coverage case did not presently present justiciable issues. The insurance carriers have in the past and may in the future attempt to deny indemnity coverage if there is ever a settlement or a final, non-appealable adverse judgment in any lead-based paint or lead pigment case.

After owning the Glidden Paints business for six months, in 1986, a predecessor of a current subsidiary of Millennium sold, through a stock sale, its Glidden Paints business. As part of that sale, the seller and purchaser agreed to provide indemnification to each other against certain claims made during the first eight years after the sale, and the purchaser agreed to fully indemnify the seller against such claims made after the eight-year period. With the exception of two cases described below, all pending lead-based paint and lead pigment litigation involving Millennium, including the Rhode Island case, were filed after the eight-year period. Accordingly, Millennium believes that it is entitled to full indemnification from the purchaser against lead-based paint and lead pigment cases filed after the eight-year period. The purchaser disputes that it has such an indemnification obligation, and claims that the seller must indemnify it. Millennium has not paid either a settlement or any judgment, and its indemnification claims have not been finally resolved. On March 28, 2008, Millennium filed an action in New York Supreme Court against ICI America seeking to confirm ICI America's indemnification obligation to Millennium. The only two remaining cases originally filed within the eight-year period following the 1986 sale of the Glidden Paints business include as parties a current Millennium subsidiary and an alleged predecessor company. One case filed by the New York City Housing Authority remains inactive. The other matter is a personal injury case in Ohio. On January 25, 2007, the Ohio Court of Appeals affirmed summary judgment in favor of Millennium and its co-defendants and, on June 20, 2007, the Ohio Supreme Court declined to hear plaintiff's appeal.

LyondellBasell Industries believes that Millennium has valid defenses to all pending lead-based paint and lead pigment proceedings and is vigorously defending them. However, litigation is inherently subject to many uncertainties. Additional lead-based paint and lead pigment litigation may be filed against Millennium in the future asserting similar or different legal theories and seeking similar or different types of damages and relief, and any adverse court rulings or determinations of liability, among other factors, could affect the litigation by encouraging an increase in the number of future claims and proceedings. In addition, from time to time, legislation and administrative regulations have been enacted or proposed to impose obligations on present and former manufacturers of lead-based paint and lead pigment respecting asserted health concerns associated with such products or to overturn successful court decisions. Millennium is unable to predict the outcome of lead-based paint and lead pigment litigation, the number or nature of possible future claims and proceedings, or the effect that any legislation and/or administrative regulations may have on Millennium. In addition, management cannot reasonably estimate the scope or amount of the costs and potential liabilities related to such litigation, or any such legislation and regulations. Accordingly, LyondellBasell Industries has not accrued any amounts for such litigation.

Millennium is currently named a defendant in 13 cases arising from Glidden's manufacture of lead pigments. These cases are in various stages of the litigation process. Of these cases, most seek damages for personal injury and are brought by individuals, and two of the cases seek damages and abatement remedies based on public nuisance and are brought by states, cities and/or counties in two states (California and Ohio).

On October 29, 2002, after a trial in which the jury deadlocked, the court in *State of Rhode Island v. Lead Industries Association, Inc., et al.* (which commenced in the Superior Court of Providence, Rhode Island, on October 13, 1999) declared a mistrial. The sole issue before the jury was whether lead pigment in paint in and on public and private Rhode Island buildings constituted a "public nuisance." The new trial in this case began on November 1, 2005. On February 22, 2006, a jury returned a verdict in favor of the State of Rhode Island finding that the cumulative presence of lead pigments in paints and coatings on buildings in the state constitutes a public nuisance; that a Millennium subsidiary and other defendants either caused or substantially contributed to the creation of the public nuisance; and that those defendants, including the Millennium subsidiary, should be ordered to abate the public nuisance. On February 28, 2006, the judge held that the state could not proceed with its claim for punitive damages. On February 26, 2007, the court issued its decision denying the post-verdict motions of the defendants, including Millennium, for a mistrial or a new trial. The court concluded that it would enter an order of abatement and appoint a special master to assist the court in determining the scope of the abatement remedy. On March 16, 2007, the court entered a final judgment on the jury's verdict. On March 20, 2007, Millennium filed its notice of appeal with the Rhode Island Supreme Court. On December 18, 2007, the trial court appointed two special masters to serve as "examiners" and to assist the trial court in the proposed abatement proceedings. On May 15, 2008, the Rhode Island Supreme Court heard oral argument on, among other things, Millennium's appeal of the jury's verdict in favor of the State of Rhode Island. On July 1, 2008, the Rhode Island Supreme Court unanimously reversed the jury's verdict and subsequent judgment against Millennium and the other defendants, holding that the trial court should have granted Millennium's motion to dismiss for failure to state a claim. The Rhode Island Supreme Court's verdict effectively ends this legal proceeding; however, Millennium, along with the other former defendants are seeking recovery of their costs incurred defending the case.

Environmental Matters

From time to time LyondellBasell Industries and its joint ventures receive notices or inquiries from federal, state or local governmental entities of alleged violations of environmental laws and regulations pertaining to, among other things, the disposal, emission and storage of chemical and petroleum substances, including hazardous wastes. Any such alleged violations may become the subject of enforcement actions, settlement negotiations or other legal proceedings and may (individually or in the aggregate) involve monetary sanctions of $100,000 or more (exclusive of interest and costs).

LyondellBasell Industries' accrued liability for future environmental remediation costs at current and former plant sites and other remediation sites totaled $241 million as of September 30, 2008. The remediation expenditures are expected to occur over a number of years, and not to be concentrated in any single year. In the opinion of management, there is no material estimable range of reasonably possible loss in excess of the liabilities recorded for environmental remediation. However, it is possible that new information about the sites for which the accrual has been established, new technology or future developments such as involvement in investigations by regulatory agencies, could require LyondellBasell Industries to reassess its potential exposure related to environmental matters. The liabilities for individual sites range from less than $1 million to $137 million. The $137 million liability relates to the Kalamazoo River Superfund Site. For additional information regarding environmental matters, including the liability related to the Kalamazoo River Superfund Site, see "Risk Factors—Risks Relating to the Businesses—LyondellBasell Industries' operations and assets are subject to extensive environmental, health and safety and other laws and regulations, which could result in material costs or liabilities" and Note 18 to the Consolidated Financial Statements.

In December 2006, the State of Texas filed a lawsuit in the District Court, Travis County, Texas, against Equistar and its owners, Lyondell and Millennium, alleging past violations of various environmental regulatory requirements at Equistar's Channelview, Chocolate Bayou and La Porte, Texas facilities and Millennium's La Porte, Texas facility, and seeking an unspecified amount of damages. The previously disclosed Texas Commission on Environmental Quality ("TCEQ") notifications alleging noncompliance of emissions monitoring requirements at Equistar's Channelview facility and Millennium's La Porte facility and seeking civil penalties of $167,000 and $179,520, respectively, have been included as part of this lawsuit. In July 2008, Equistar signed an Agreed Final Judgment resolving this lawsuit. Under the terms of the settlement, Equistar Chemicals and Millennium Petrochemicals Inc. each agreed to pay $3,250,000 in penalties (with $500,000 being offset by funding of various local supplemental environmental projects by each company). The companies also agreed to each pay $250,000 in attorney fees to the state. This agreement resolved outstanding alleged violations at several company-owned and/or operated Texas facilities. No other additional expenditures are required. In September 2008, the settlement was entered by the court.

Equistar—In May 2007, the TCEQ notified Equistar that it is seeking a civil penalty of $160,843 in connection with alleged noncompliance during 2002, 2005 and 2006 with various air pollution regulations at the Channelview facility and that it is seeking a civil penalty of $153,330 in connection with alleged noncompliance during 2005 and 2006 with various air pollution regulations at the Channelview facility. These matters were later combined with a similar smaller matter at Channelview and resolved in December 2007 for a penalty of $182,316.

In October 2007, the TCEQ notified Equistar that it is seeking a penalty of $129,400 in connection with alleged exceedances of permitted emissions at Equistar's Chocolate Bayou plant. In December 2007, the penalty was reduced to $126,400 in resolution of this matter.

Millennium—A Millennium subsidiary has been identified as a PRP with respect to the Kalamazoo River Superfund Site. The site involves cleanup of river sediments and floodplain soils contaminated with polychlorinated biphenyls, cleanup of former paper mill operations, and cleanup and closure of landfills associated with the former paper mill operations. Litigation concerning the matter commenced by the State of Michigan in December 1987 was recently dismissed, although the State reserved its right to bring certain claims in the future if the issues are not resolved in the CERCLA process. Millennium's ultimate liability for the Kalamazoo River Superfund Site will depend on many factors that have not yet been determined, including the ultimate remedy selected, the determination of natural resource damages, the number and financial viability of the other PRPs, and the determination of the final allocation among the PRPs.

Houston Refining—In May 2007, the TCEQ notified Houston Refining that it is seeking a civil penalty of $892,700 in connection with alleged noncompliance with various provisions of the Texas Clean Air Act during 2006 and 2005. The TCEQ subsequently reduced the proposed penalty to $481,105. In June 2008, Houston Refining signed an agreed order to settle this matter. Under the agreed order, the Company agreed to pay a penalty of $384,884 (with half of the amount being offset by funding a local supplemental environmental project). In October 2008, the agreement was approved by the TCEQ commissioners.

Risk Factors

There are many factors that may affect LyondellBasell Industries' businesses and results of operations. For additional discussion regarding factors that may affect LyondellBasell Industries' businesses and operating results, see "Forward-Looking Statements," and "Management's Discussion and Analysis of Financial Condition and Results of Operations." If one or more of these risks actually occur, LyondellBasell Industries' business, financial position or results of operations could be materially and adversely affected.

Risks Relating to Indebtedness

LyondellBasell Industries is highly leveraged, and its available cash, access to additional capital, and business and future prospects could be limited by its significant amount of debt and other financial obligations and the current weak condition of the capital markets.

LyondellBasell Industries is highly leveraged. At September 30, 2008, LyondellBasell Industries had $26.1 billion of consolidated debt, including short-term debt and the current portion of long-term debt. This debt represented 93% of its consolidated capitalization. Substantially all of the indebtedness is secured by its assets pledged as collateral. In addition, LyondellBasell Industries has contractual commitments and ongoing pension and post-retirement benefit obligations that will require cash contributions in the future. *See* "—Contractual and Other Obligations" under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in LyondellBasell Industries' Quarterly Report for the quarter ended September 30, 2008.

LyondellBasell Industries' level of debt and other obligations could have significant adverse consequences on its business and its future prospects, including that it could:

- make it more vulnerable to a downturn in its businesses, its industry or the economy in general as a significant percentage of its cash flow from operations is required to make payments to service its indebtedness;

- require it to dedicate a substantial portion of its future cash flow from operations to the payment of principal and interest on indebtedness, thereby reducing the availability of its cash flow to maintain or grow its business and to fund working capital, capital expenditures, research and development efforts and other general corporate purposes;

- constrain its ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, debt service requirements or other purposes, on satisfactory terms or at all, especially given the current weak environment in the capital markets;

- make it more difficult for it to satisfy its financial and other obligations;

- place it at a competitive disadvantage as compared to competitors that have less debt and lower debt service requirements; and

- make it more vulnerable to increases in interest rates since part of its indebtedness is, and any future debt may be, subject to variable interest rates.

The majority of its operating subsidiaries have provided guarantees or collateral for the debt of various subsidiaries totaling approximately $23 billion that was used primarily for the Acquisition.

For a discussion regarding its ability to pay or refinance its debt, *see* the "—Liquidity and Capital Resources" section under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report. Its substantial level of indebtedness and other financial obligations also increases the possibility that LyondellBasell Industries may be unable to generate cash sufficient to pay, when due, the principal of, interest on or other amounts due in respect of its indebtedness and other financial obligations. If LyondellBasell Industries was unable to pay principal and interest on debt, a default would exist under the terms of that debt instrument and could result in an event of default (and acceleration of debt repayments) under its other debt instruments. See "— Failure to comply with covenants or to pay principal and interest when due could result in an acceleration of debt."

LyondellBasell Industries require a significant amount of cash to service its indebtedness, and its ability to generate cash depends on many factors beyond its control, and on the performance of its subsidiaries and their ability to make distributions to LyondellBasell Industries

LyondellBasell Industries' businesses may not generate sufficient cash flow from operations to meet debt service obligations, future borrowings may not be available under current or future credit facilities in an amount sufficient to enable it to pay its indebtedness at or before maturity and LyondellBasell Industries may not be able to refinance its indebtedness on reasonable terms, if at all. Factors beyond its control affect its results of operation and accordingly its ability to make these payments and refinancings. These factors are discussed elsewhere in "Risk Factors" and "Forward-Looking Statements."

Further, its ability to fund capital expenditures and working capital may depend on the availability of funds under lines of credit and other liquidity facilities. If, in the future, sufficient cash is not generated from operations to meet debt service obligations and funds are not available under lines of credit or other liquidity facilities, LyondellBasell Industries may need to reduce or delay non-essential expenditures, such as capital expenditures and research and development efforts. In addition, LyondellBasell Industries may need to refinance debt, obtain additional financing or sell assets, which LyondellBasell Industries may not be able to do on reasonable terms, if at all. Global financial markets have been, and continue to be, volatile, which has caused a substantial deterioration in the credit and capital markets. These conditions will likely continue and may make it difficult to obtain funding for LyondellBasell Industries' ongoing capital needs. In particular, the cost of raising money in the debt and equity capital markets has increased substantially while the availability of funds from those markets generally has diminished significantly. Also, as a result of concerns about the stability of financial markets generally and the solvency of counterparties specifically, the cost of obtaining money from the credit markets generally has increased as many lenders and institutional investors have increased interest rates, enacted tighter lending standards, refused to refinance existing debt at maturity on terms that are similar to existing debt, and reduced, or in some cases ceased, to provide funding to borrowers.

The current difficult economic market environment is causing contraction in the availability of credit in the marketplace. This could potentially reduce LyondellBasell Industries' sources of liquidity. In particular, LyondellBasell Industries rely upon trade creditors to meet a substantial portion of its working capital requirements. These suppliers could decrease payment periods, reduce the amount of credit extended to us, demand letters of credit or prepayments or cease doing business with it as a result of its significant leverage, a further ratings downgrade, any default under its debt instruments or as a result of the state of credit markets generally.

LyondellBasell Industries also relies upon daily intraday overdraft facilities with various commercial banks for its daily cash management operations. If these facilities become unavailable, there would be a material adverse effect on its liquidity.

As a result of its high debt levels and current market conditions, LyondellBasell Industries cannot be certain that funding for its capital needs from credit and capital markets will be available if needed and, if available, the terms and conditions of any financing to be significantly more onerous than prior financings. As of October 31, 2008, LyondellBasell Industries had $750 million available under the Access Revolving Credit Facility and approximately $880 million in cash to support its liquidity needs, although its working capital needs fluctuate constantly and borrowings under the Access Revolving Credit Facility vary accordingly. Unless extended, the Access Revolving Credit Facility expires in September 2009. Funds under the Access Revolving Credit Facility may not be available or may be insufficient when needed to be drawn. As of October 31,, 2008, with the exception of the Access Revolving Credit Facility, LyondellBasell Industries had drawn down substantially all of the other amounts available under its various credit agreements. If LyondellBasell Industries is not able to access sufficient liquidity, LyondellBasell Industries may not be able to fund its operations. Additionally, increases in the costs of raw materials reduces LyondellBasell Industries' ability to draw down funds under the Asset-Based Facilities. See the "—Liquidity and Capital Resources" section under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in LyondellBasell Industries' Quarterly Report for the quarter ended September 30, 2008.

Although LyondellBasell Industries is highly leveraged, subject to limitations in its debt instruments, its parent may cause it to pay dividends for the benefit of the parent and its affiliates. Cash used to pay dividends would not be available to pay principal of or interest on its debt, to make capital expenditures or for general corporate purposes.

Failure to comply with covenants or to pay principal of, and interest on, indebtedness when due could result in an acceleration of debt.

A breach of its covenants or the failure to pay principal and interest when due under any of the indenture for the notes, Interim Loan, Senior Secured Credit Facilities, Access Revolving Credit Facility, Asset-Based Facilities or its other indebtedness could result in a default or cross-default under all or some of those instruments. If any such default or cross-default occurs, the applicable lenders may elect to declare all outstanding borrowings, together with accrued interest and other amounts payable thereunder, to be immediately due and payable. In such circumstances, the lenders under the Senior Secured Credit Facilities, the Access Revolving Credit Facility and the Senior Secured Inventory-Based Credit Facility also have the right to terminate any commitments they have to provide further borrowings, and the counterparties under the Accounts Receivable Facility, as well as under legacy Basell U.S. and European securitization programs, may terminate further purchases of interests in accounts receivable and receive all collections from previously sold interests until they have collected on their interests in those receivables, thus reducing the entity's liquidity. In addition, following such an event of default, the lenders under the Senior Secured Credit Facilities and the counterparties under the Senior Secured Inventory-Based Credit Facility have the right to proceed against the collateral granted to them to secure the obligations, which in some cases includes its available cash. If the obligations under the indenture for the notes, Interim Loan, Senior Secured Credit Facilities, the Access Revolving Credit Facility, the Asset-Based Facilities or any other material financing arrangement were to be accelerated, it is not likely that the obligors would have, or be able to obtain, sufficient funds to make these accelerated payments, and as a result LyondellBasell Industries or one or more of its subsidiaries could be forced into bankruptcy or liquidation.

The terms of the indenture for the notes, Interim Loan, Senior Secured Credit Facilities, Access Revolving Credit Facility, Basell Notes due 2015 and Asset-Based Facilities may restrict its current and future operations, particularly its ability to respond to changed business conditions or to take certain actions.

The indenture for the notes, Interim Loan, Senior Secured Credit Facilities, Access Revolving Credit Facility, Basell Notes due 2015, Asset-Based Facilities and other financing instruments contain a number of restrictive covenants that impose significant operating and financial restrictions on LyondellBasell Industries and may limit its ability to engage in acts that may be in its long-term best interests. These include covenants restricting, among other things, its ability to: incur, assume or permit to exist indebtedness or guarantees; incur, assume or permit to exist liens; make loans and investments; make dividends or distributions, engage in mergers, acquisitions, and other business combinations; prepay, redeem or purchase certain indebtedness; amend or otherwise alter terms of certain indebtedness, and other material agreements; make dispositions of assets; engage in transactions with affiliates; enter into or permit to exist contractual obligations limiting its ability to make distributions or to incur or permit to exist liens; and alter the conduct of business. In addition, the Senior Secured Credit Facilities, Access Revolving Credit Facility and Asset-Based Facilities contain covenants that limit the level of capital expenditures per year. The Senior Secured Credit Facilities and Access Revolving Credit Facility also require the maintenance by it of specified financial ratios: (1) a maximum First Lien Senior Secured Leverage Ratio (as defined) of 3.75:1.0 on a consolidated basis; and (2) a minimum Consolidated Debt Service Ratio (as defined) of 1.1:1.0 on a consolidated basis. The Asset-Based Facilities require that total excess availability (as defined) under the Asset-Based Facilities may not be less than $100 million for two or more consecutive business days. The Asset-Based Facilities also provide that if for any period of four consecutive fiscal quarters its Fixed Charge Coverage Ratio (as defined), on a consolidated basis, is less than 1.10:1.0, then LyondellBasell Industries must maintain minimum levels of total excess availability (as defined). In addition, due to a recent credit downgrade, LyondellBasell Industries is required to consult on a daily basis with the lenders under its securitization program in Europe, which could impact the availability of funds under such facility in the future. Similar provisions could be triggered under the Basell securitization program in the U.S. The ability to meet those financial ratios and other requirements can be affected by events beyond its control and, over time, these covenants may not be satisfied. Given its high debt level and other financial obligations, these and other financial ratios could significantly restrict its liquidity and its ability to incur additional debt through its credit facilities or by accessing the financial markets. In particular, LyondellBasell Industries currently have only limited ability to incur additional debt under its 2015 notes.

A ratings downgrade may increase its interest costs and make it more difficult to finance LyondellBasell Industries' operations.

Any downgrade in LyondellBasell Industries' corporate ratings by any of the major credit rating agencies may result in more onerous terms for trade credit and higher borrowing costs for other indebtedness, and any new financing or credit facilities, if available at all, may not be on terms as attractive as those LyondellBasell Industries have currently or other terms acceptable to LyondellBasell Industries. As a result, ratings downgrades could adversely affect its ability to obtain financing for working capital, capital expenditures or acquisitions or to refinance existing indebtedness. The failure to obtain sufficient financing or to refinance existing indebtedness could increase the risk that its leverage may adversely affect its future financial and operating flexibility. In addition, in the event of certain ratings downgrades by Moody's or S&P, the interest rate cap on the $4.5 billion principal amount of floating rate loans under the Interim Loan would increase from 12% to 12.5%, and interest payable on exchange notes into which loans under the Interim Loan are exchangeable would be 12.5% rather than 12%. Moreover, ratings downgrades could result in counterparties requiring further credit enhancements from its operating subsidiaries. In August 2008, S&P lowered LyondellBasell Industries' corporate rating to B from B+. In May 2008, Moody's Investor's Service affirmed LyondellBasell Industries' corporate rating at B1 and lowered its outlook for LyondellBasell Industries from stable to negative.

The current instability and uncertainty in the global financial markets have created increased counterparty risk.

LyondellBasell Industries has exposure to various financial institutions under hedging arrangements, including interest rate, commodity and currency hedging contracts, and the risk of counterparty default is currently higher in light of existing capital market and economic conditions. The recent credit crisis has also resulted in the potential losses on certain of its assets as a result of counterparty risk. For example, in September 2008, LyondellBasell Industries received notice that rights of redemption had been suspended with respect to a money market fund in which it had invested approximately $174 million. As of October 31, 2008, LyondellBasell Industries had received approximately $88.6 million and has been advised that additional redemptions are forthcoming. Reduced liquidity or financial losses resulting from exposure to the risk of counterparties could have a material adverse effect on its cash flow and financial condition.

The instability and uncertainty in the financial markets has also made it difficult to assess the risk of counterparties to current and future financing arrangements, investments and other contracts. The financial markets, the U.S. economy and most European economies have altered the ability and willingness of certain financial institutions to extend credit in line with past practices. For example, LyondellBasell Industries recently learned that the administrative agent under the Senior Secured Credit Facilities does not currently intend to provide intraday loans in excess of its committed level in the event a lender under the Senior Secured Credit Facilities declines to fund a borrowing request. If one or more of the lenders under LyondellBasell Indsutries' credit arrangements fails to fund a drawing under the relevant facility, it may be unable to find a source to cover such shortfall of funds.

Despite current indebtedness levels, LyondellBasell Industries may still be able to incur more debt. This could increase the risks associated with its substantial level of financial obligations.

Although LyondellBasell Industries currently has limited ability to incur additional debt under certain of its debt arrangements, LyondellBasell Industries may be able to incur additional indebtedness in the future. Although its debt instruments contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and LyondellBasell Industries could incur additional indebtedness in compliance with these restrictions, including up to $1.0 billion under the incremental facility under the Senior Secured Credit Facilities. Among other things, LyondellBasell Industries may incur additional obligations to the extent there is available capacity under the revolving credit facility portion of the Senior Secured Credit Facilities, under the Asset-Based Facilities, the legacy Basell accounts receivable securitization programs or the Access Revolving Credit Facility. See the "—Liquidity and Capital Resources" section under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in LyondellBasell Industries' Quarterly Report for the quarter ended September 30, 2008. If LyondellBasell Industries incur additional financial obligations above the existing levels, the risks associated with its substantial level of financial obligations would increase.

LyondellBasell Industries' variable rate obligations subject it to interest rate risk, which could cause its debt service obligations to increase significantly.

As of September 30, 2008, taking into account the amendment and restatement of the Interim Loan on October 17, 2008, $21.4 billion of its indebtedness consisted of variable rate borrowings. Although LyondellBasell Industries may have interest rate hedge arrangements in effect from time to time, its interest expense could increase if interest rates increase, because its variable rate obligations may not be fully hedged and they bear interest at floating rates, generally equal to EURIBOR and LIBOR plus an applicable margin or, in the case of the Senior Secured Credit Facilities, may instead bear interest at the alternate base rate plus an applicable margin. Additionally, the Asset-Based Facilities, consisting of the ABL Asset-Based Receivables Facility entered into in connection with the Lyondell acquisition and the ABL Inventory-Based Credit Facility, bear interest at floating rates or the alternate base rate plus an applicable margin. In addition, $4.5 billion principal amount of loans under the Interim Loan bear interest at a floating rate equal to LIBOR or EURIBOR plus an applicable margin. A change of 100 basis points or 1% of the floating rates as of September 30, 2008, taking into account the amendment and restatement of the Interim Loan on October 17, 2008, would change its total pre-tax interest charges by $214 million annually.

Risks Relating to the Business

The cyclicality and volatility of the industries in which LyondellBasell Industries participate may cause significant fluctuations in its operating results.

LyondellBasell Industries' operating results are subject to the cyclical and volatile nature of the supply-demand balance in the chemical and refining industries, and its future operating results are expected to continue to be affected by this cyclicality and volatility. These industries historically have experienced alternating periods of capacity shortages leading to tight supply, causing prices and profit margins to increase, followed by periods when substantial capacity is added, resulting in oversupply, declining capacity utilization rates and declining prices and profit margins. The volatility these industries experience occurs as a result of changes in the supply and demand for products, changes in energy prices and changes in various other economic conditions around the world. The cyclicality and volatility of the chemical and refining industries results in significant fluctuations in profits and cash flow from period to period and over the business cycles.

The global economic and political environment continues to be uncertain, and a decline in demand could place further pressure on its results of operations. In addition, new capacity additions by some participants in the industry, especially those in Asia, including the Middle East, that began in 2006 and are expected to continue, could lead to another period of oversupply and low 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, LyondellBasell Industries is unable to accurately predict the extent or duration of future industry cycles or their effect on its business, financial condition or results of operations, and can give no assurances as to any predictions made in this report with respect to the timing, extent or duration of future industry cycles.

LyondellBasell Industries may reduce production at or idle a facility for an extended period of time or exit a business because of an oversupply of a particular product and/or a lack of demand for that particular product, or high raw material prices, which makes production uneconomical. LyondellBasell Industries may also reduce production at its facilities because we have either fixed or minimum off-take arrangements with joint ventures or third parties. Any decision to permanently close facilities or exit a business would result in impairment and other charges to earnings. Temporary outages sometimes last for several quarters or, in certain cases, longer, and could cause it to incur costs, including the expenses of maintaining and restarting these facilities. In addition, even though LyondellBasell Industries may need to reduce production, LyondellBasell Industries may still be required to continue to purchase or pay for utilities or raw materials under take-or-pay supply agreements. It is possible that factors such as increases in raw material costs or lower demand in the future will cause it to reduce operating rates, idle facilities or exit uncompetitive businesses.

Costs of raw materials and energy, as well as reliability of supply, may result in increased operating expenses and reduced results of operations.

LyondellBasell Industries purchase large amounts of raw materials and energy for its businesses. The cost of these raw materials and energy, in the aggregate, represents a substantial portion of its operating expenses. The costs of raw materials and energy generally follow price trends of, and vary with the market conditions for, crude oil and natural gas, which may be highly volatile and cyclical. Many raw material and energy costs have recently experienced significant fluctuations, reaching historically record high levels, which has adversely affected our polymers and chemicals segments in the first half of 2008. Moreover, a weak U.S. dollar adds to the volatility in its raw material costs. There have been, and will likely continue to be, periods of time when LyondellBasell Industries is unable to pass raw material and energy cost increases on to customers quickly enough to avoid adverse impacts on its results of operations. Customer consolidation also has made it more difficult to pass along cost increases to customers. Its results of operations have been, and could be in the future, significantly affected by increases and volatility in these costs. Cost increases also may increase working capital needs, which could reduce its liquidity and cash flow. In addition, when raw material and energy costs increase rapidly and are passed along to customers as product price increases, the credit risks associated with certain customers can be compounded. To the extent LyondellBasell Industries increase its product 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 its results of operations. *See* "—LyondellBasell Industries sell products in highly competitive global markets and face significant price pressures" below.

In addition, higher North American and European natural gas prices relative to natural gas cost-advantaged regions, such as the Middle East, have diminished the ability of many chemical producers to compete internationally since natural gas prices affect a significant portion of the industry's raw materials and energy sources. This environment has in the past caused, and may in the future cause, a reduction in its exports from North America and Europe, and has in the past reduced, and may in the future reduce, the competitiveness of U.S. and European producers. It also has in the past increased the competition for product sales within North America and Europe, as production that would otherwise have been sold in other geographic regions. This resulted in excess supply and lower margins in North America and Europe, and may do so in the future.

Furthermore, across its business, there are a limited number of suppliers for some of its raw materials and utilities and, in some cases, the number of sources for and availability of raw materials and utilities is 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 result in it having limited negotiating power, particularly in the case of rising raw material costs. Alternatively, where LyondellBasell Industries have multiple suppliers for a raw material or utility, these suppliers may not make up for the loss of a major supplier. Any new supply agreements LyondellBasell Industries enter into may not have terms as favorable as those contained in its current supply agreements. For some of its products, the facilities and/or distribution channels of raw material suppliers and utilities suppliers and LyondellBasell Industries form an integrated system. This is especially true in the U.S. Gulf Coast where the infrastructure of the chemical and refining industries is tightly integrated such that a major disruption of supply of a given commodity or utility can negatively affect numerous participants, including suppliers of other raw materials.

If one or more of its significant raw material or utility suppliers were unable to meet its obligations under present supply arrangements, raw materials become unavailable within the geographic area from which they are now sourced, or supplies are otherwise disrupted, its businesses could suffer reduced supplies or be forced to incur increased costs for their raw materials or utilities, which would have a direct negative impact on plant operations. For example, Hurricanes Katrina and Rita negatively affected crude oil and natural gas supplies, as well as supplies of some of its other raw materials, contributing to increases in raw material prices during the second half of 2005 and, in some cases, disrupting production. In addition, hurricane-related disruption of rail and pipeline traffic in the U.S. Gulf Coast area will negatively affect shipments of raw materials and product.

In addition, in light of recent volatility in raw material costs and its current debt levels, its suppliers could impose more onerous terms on it, resulting in shorter payment cycles and increasing its working capital requirements

Disruptions in financial markets and an economic downturn could adversely affect LyondellBasell Industries' customers, and, therefore, its business.

LyondellBasell Industries' results of operations are materially affected by conditions in the financial markets and economic conditions generally, both in the U.S. and elsewhere around the world. An economic downturn in the businesses or geographic areas in which it sells its products could substantially reduce demand for these products and result in a decrease in sales volumes. Recently, concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit, the U.S. mortgage market and a declining residential real estate market in the U.S. have contributed to increased volatility and diminished expectations for the global economy and markets. These factors, combined with volatile raw material prices, declining business and consumer confidence, increased unemployment and continuing financial market fluctuations, have precipitated an economic slowdown and could lead to an extended worldwide economic recession. An economic slowdown caused by a recession could adversely effect LyondellBasell Industries' business as these events would likely reduce worldwide demand for its products, in particular from our customers in industrial markets generally and specifically in the automotive, housing and consumer packaging industries. Any of the foregoing events could result in an impairment of its assets, including goodwill.

Moreover, many of LyondellBasell Industries' customers and suppliers rely on access to credit to adequately fund their operations. These disruptions in financial markets and an economic slowdown could also adversely impact the ability of customers to finance the purchase of LyondellBasell Industries' products and creditworthiness of customers, and could adversely impact the ability or willingness of suppliers to provide it with raw materials for its business.

Adverse changes in our operating results could result in asset impairments, including an impairment of the significant goodwill recognized in connection with the acquisition of Lyondell.

In connection with the acquisition of Lyondell, LyondellBasell Industries recognized the fair value of the assets and liabilities of Lyondell as of December 20, 2007 on the basis of market conditions at that time. This resulted in the recognition of goodwill equal to the amount by which the purchase price paid exceeded the fair value of assets less liabilities of Lyondell, which was initially $5.2 billion. The fair values recognized at the time of the acquisition reflected the expectations of future cash flows at that time, as set forth in the business plan established at that time.

LyondellBasell Industries is required to perform an impairment analysis of assets on the one hand, and goodwill and other intangible assets not subject to amortization on the other hand at least annually based on estimated cash flow projections reflecting the current and future market environment. Pursuant to LyondellBasell Industries' accounting policies, in the absence of a trigger event this impairment analysis is performed in the fourth quarter each year. LyondellBasell Industries recently has experienced declines in consolidated operating results in 2008 as compared to estimates made when Lyondell's assets (including goodwill and intangible assets) and liabilities were recorded on the date of acquisition. Adverse changes in LyondellBasell Industries' future estimated operating results could result in non-cash impairment charges in the future to LyondellBasell Industries' goodwill or intangible assets and potentially to LyondellBasell Industries' other assets. Such non-cash impairment charges could significantly affect the equity position of LyondellBasell Industries.

Such non-cash impairment charges could significantly affect the equity position of Lyondell.External factors beyond its control can cause fluctuations in demand for its products and in its prices and margins, which may result in lower operating results.

External factors beyond its control can cause volatility in the price of raw materials and other operating costs, as well as significant fluctuations in demand for its products, and can magnify the impact of economic cycles on its businesses. Examples of external factors include:

- supply of and demand for crude oil and other raw materials;
- changes in customer buying patterns and demand for its products;
- general economic conditions;
- domestic and international events and circumstances;
- competitor actions;
- governmental regulation; and
- severe weather and natural disasters.

Also, LyondellBasell Industries believes that global events have had an impact on its businesses in recent years and may continue to do so. LyondellBasell Industries currently license its technology to customers in the Middle East and have three joint ventures in Saudi Arabia. LyondellBasell Industries also have offices in Egypt, Dubai and Turkey and third-party commercial representatives throughout the Middle East. The uncertainty surrounding the continuing military action in Iraq and the threat of further armed hostilities or acts of terrorism may impact its businesses in the Middle East or elsewhere, or the businesses of its customers.

In addition, a number of its products are highly dependent on durable goods markets, such as the construction and automotive markets, which also are cyclical and impacted by many of the external factors referenced above. Many of its products are components of other chemical products that, in turn, are subject to the supply-demand balance of both the chemical and refining industries and general economic conditions. The volatility and relatively elevated level of prices for crude oil and natural gas have resulted in increased raw material costs as compared to prior years, and the impact of the factors cited above and others may once again cause a slowdown in the business cycle, reducing demand and lowering operating rates and, ultimately, reducing profitability.

LyondellBasell Industries sells products in highly competitive global markets and faces significant price pressures.

LyondellBasell Industries sells its products in highly competitive global markets. Due to the commodity nature of many of its 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. As a result, LyondellBasell Industries generally is not able to protect its market position for these products by product differentiation and may not be able to pass on cost increases to its customers.

In addition, LyondellBasell Industries faces increased competition from companies that may have greater financial resources and different cost structures or strategic goals than us, such as 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 its ethylene and refining businesses, could limit its ability to increase product sales prices in response to raw material and other cost increases, or could cause it to reduce product sales prices to compete effectively, which could reduce its profitability. Competitors which have greater financial resources than LyondellBasell Industries do may be able to invest significant capital into their businesses, including expenditures for research and development. In addition, specialty products LyondellBasell Industries produce may become commoditized over time.

Accordingly, increases in raw material and other costs may not necessarily correlate with changes in prices for its products, either in the direction of the price change or in magnitude. In addition, its ability to increase product sales prices, and the timing of those increases, are affected by the supply-demand balances for its products, as well as the capacity utilization rates for those products. Timing differences in pricing between rising raw material costs, which may change daily, and contract product prices, which in many cases are negotiated only monthly or less often, sometimes with an additional lag in effective dates for increases, have reduced and may continue to reduce profitability. Even in periods during which raw material prices decline, LyondellBasell Industries may suffer decreasing profits if raw material price reductions occur at a slower rate than decreases in the selling prices of its products.

Further, volatility in costs and pricing can result in commercial disputes with customers and suppliers with respect to interpretations of complex contractual arrangements. Significant adverse resolution of any such disputes also could reduce profitability.

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

LyondellBasell Industries owns and operates large-scale facilities, and its operating results are dependent on the continued operation of its various production facilities and the ability to complete construction and maintenance projects on schedule. Material operating interruptions at its facilities, including interruptions caused by the events described below, may materially reduce the productivity and profitability of a particular manufacturing facility, or it as a whole, during and after the period of such operational difficulties. For example, as a result of Hurricane Ike, which struck the upper Texas coast on September 13, 2008, LyondellBasell Industries shut down 13 of its 14 plants on the U.S. Gulf Coast, one of which remains idle.

In addition, because the Houston refinery is its only North American refining operation, an outage at the refinery could have a particularly negative impact on its operating results. Unlike its chemical and polymer production facilities, which may at times have sufficient excess capacity to mitigate the negative impact of lost production at another similar facility of ours, LyondellBasell Industries do not have the ability to increase refining production elsewhere in North America in an effort to mitigate the negative impact on operating results resulting from an outage at the refinery. For example, as a result of Hurricane Ike, LyondellBasell Industries temporarily shut down the Houston refinery on September 13, 2008. In addition, in July 2008, a crane installed in preparation for the turnaround of a coker unit collapsed resulting in four contractor fatalities, injuries to seven other contract workers and some physical damage at the refinery, primarily to one storage tank. As a result of the incident, the coker unit will require additional time to complete the turnaround.

Although LyondellBasell Industries take precautions to enhance the safety of its operations and minimize the risk of disruptions, its operations, along with the operations of other members of the chemical and refining industries, 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 spills;
- discharges or releases of toxic or hazardous substances or gases;
- storage tank leaks;
- other environmental risks; and
- terrorist acts.

Some of these hazards can cause personal injury and loss of life, severe damage to or destruction of property and equipment and environmental damage, and may result in suspension of operations, the shutdown of affected facilities and the imposition of civil or criminal penalties. Furthermore, LyondellBasell Industries also will continue to be subject to present and future claims with respect to workplace exposure, exposure of contractors on its premises as well as other persons located nearby, workers' compensation and other matters.

LyondellBasell Industries maintain property, business interruption, product, general liability, casualty and other types of insurance, including pollution and legal liability, that LyondellBasell Industries believe are in accordance with customary industry practices, but LyondellBasell Industries is not fully insured against all potential hazards incident to its businesses, 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 LyondellBasell Industries were to incur a significant liability for which LyondellBasell Industries were not fully insured, LyondellBasell Industries might not be able to finance the amount of the uninsured liability on terms acceptable to it or at all, and might be obligated to divert a significant portion of its cash flow from normal business operations.

Further, because a part of its business involves licensing polyolefins process technology, its licensees are exposed to similar risks involved in the manufacture and marketing of polyolefins. Hazardous incidents involving its licensees, if they do result or are perceived to result from use of its technologies, may harm its reputation, threaten its relationships with other licensees and/or lead to customer attrition and financial losses. Its policy of covering these risks through contractual limitations of liability and indemnities and through insurance may not always be effective. As a result, its 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.

LyondellBasell Industries' crude oil contract with PDVSA-Petròleos S.A. is subject to the risk of enforcing contracts against non-U.S. affiliates of a sovereign nation and political, force majeure and other risks.

LyondellBasell Industries' crude oil contract with PDVSA-Petròleos S.A. ("PDVSA Oil"), an affiliate of Petròleos de Venezuela, S.A. ("PDVSA"), the national oil company of Venezuela, provides for the purchase and supply of 230,000 barrels per day of heavy, high sulfur crude oil (approximately 86% of the refining capacity at the Houston refinery). There are risks associated with reliance on PDVSA Oil for supplies of crude oil and with enforcing the provisions of contracts with companies such as PDVSA Oil that are non-U.S. affiliates of a sovereign nation. For example, from time to time in the past, PDVSA Oil has declared itself in a force majeure situation and subsequently reduced deliveries of crude oil purportedly based on announced OPEC production cuts. All of the crude oil supplied by PDVSA Oil under the crude oil contract is produced in Venezuela, and it is impossible to predict how governmental policies may change under the current or any subsequent Venezuelan government. In addition, there are risks associated with enforcing judgments of U.S. courts against entities whose assets are located outside of the U.S. and whose management does not reside in the U.S. Any modification, breach or termination of the crude oil contract, or any interruption in this source of crude oil on its current terms, could adversely affect us, as alternative crude oil supplies with similar margins may not always be available for purchase and may require modifications to the Houston refinery that may result in significant costs or down time.

LyondellBasell Industries' operations and assets are subject to extensive environmental, health and safety and other laws and regulations, which could result in material costs or liabilities.

LyondellBasell Industries cannot predict with certainty the extent of future liabilities and costs under environmental, health and safety and other laws and regulations and whether liabilities and costs will be material. LyondellBasell Industries also may face liability for alleged personal injury or property damage due to exposure to chemicals or other hazardous substances at its current or former facilities or chemicals that LyondellBasell Industries manufactures, handles or owns. In addition, because its products are components of a variety of other end-use products, LyondellBasell Industries, along with other members of the chemical industry, is inherently subject to potential claims related to those end-use products. Although claims of the types described above have not historically had a material impact on its operations, a substantial increase in the success of these types of claims could result in the expenditure of a significant amount of cash by it to pay claims, and could reduce its operating results.

LyondellBasell Industries (together with the industries in which it operates) is subject to extensive national, regional, state and local environmental laws, regulations, directives, rules and ordinances concerning, and is required to have permits and licenses regulating, emissions to the air, discharges onto land or waters and the generation, handling, storage, transportation, treatment, disposal and remediation of hazardous substances and waste materials. Many of these laws and regulations provide for substantial fines and potential criminal sanctions for violations, and permits and licenses are subject to renewal, modification and in some circumstances, revocation. Some of these laws and regulations are subject to varying and conflicting interpretations. In addition, some of these laws and regulations require it to meet specific financial responsibility requirements. LyondellBasell Industries generally expects that regulatory controls worldwide will become increasingly more demanding, but cannot accurately predict future developments, such as increasingly strict environmental laws, and inspection and enforcement policies, as well as higher compliance costs, which might 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 costs and liabilities to it or limitations on its operations, and could subject its handling, manufacture, use, reuse or disposal of substances or pollutants to more rigorous scrutiny than at present.

For example, under the EU Integrated Pollution Prevention and Control Directive ("IPPC"), EU Member State governments are to adopt rules and implement an environmental permitting program relating to air, water and waste for individual facilities. While the EU countries are at varying stages in their respective implementation of the IPPC permit program, LyondellBasell Industries have submitted all necessary IPPC permit applications required to date, and in some cases received completed permits from the applicable government agency. However, LyondellBasell Industries do not know with certainty what future IPPC permits will require, or the costs of compliance with the IPPC permit program. The EU also has passed legislation governing the registration, evaluation and authorization of chemicals (Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals, or "REACH"). Under REACH, LyondellBasell Industries is required to register chemicals and gain authorization for the use of certain substances. As an importer of chemicals and materials from outside the EU, LyondellBasell Industries is subject to additional registration obligations. Furthermore, within the framework of EU emissions trading, LyondellBasell Industries was allocated certain allowances of carbon dioxide per year for the affected plants of its European sites for the 2005 to 2007 period. For the second trading period (2008 to 2012), a number of chemical plants will also be included in the Europe-wide trading system. LyondellBasell Industries 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 greenhouse gas emission trading schemes. The costs could be higher to the extent that LyondellBasell Industries sell credits that LyondellBasell Industries need in the future.

Some risk of environmental costs and liabilities is inherent in its operations and products, and there is no assurance that material costs and liabilities will not be incurred.

Environmental laws may have a significant effect on the nature and scope of cleanup of contamination at current and former operating facilities, the costs of transportation and storage of raw materials and finished products and the costs of the storage and disposal of wastewater. In the U.S., the Superfund Amendments and Reauthorization of 1986 (the "Superfund") statutes may impose joint and several liability for the costs of remedial investigations and actions on the entities that generated waste, arranged for disposal of the wastes, transported to or selected the disposal sites and the past and present owners and operators of such sites. All such responsible parties (or any one of them, including LyondellBasell Industries) may be required to bear all of such costs regardless of fault, the legality of the original disposal or ownership of the disposal site. Under the EU Environmental Liability Directive, EU Member States may require the remediation of soil and groundwater contamination in certain circumstances, under the "polluter pays principle." The scope of events and circumstances that could trigger remediation requirements and the level of remediation required vary from Member State to Member State. Similar environmental laws and regulations that have been or may be enacted in other countries outside of the U.S. may impose similar liabilities and costs upon LyondellBasell Industries.

Some of its manufacturing sites have an extended history of industrial chemical manufacturing and use, including on-site waste disposal. LyondellBasell Industries is aware of soil, groundwater and surface water contamination at some of its sites, and LyondellBasell Industries may find contamination at other sites in the future. It is anticipated that corrective measures will be necessary to comply with national and state requirements with respect to some of these facilities. LyondellBasell Industries also have liabilities under the U.S. Resource Conservation and Recovery Act and various U.S. state and non-U.S. government regulations related to several current and former plant sites. LyondellBasell Industries also is responsible for a portion of the remediation of certain off-site waste disposal facilities. LyondellBasell Industries is contributing funds to the cleanup of several waste sites throughout the U.S. under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") and the Superfund statutes, including the Kalamazoo River Superfund Site discussed below. LyondellBasell Industries also have been named as a Potentially Responsible Party ("PRP") under CERCLA or similar law at several other sites. Its policy is to accrue remediation expenses when it is probable that such efforts will be required and the related expenses can be reasonably estimated. Estimated costs for future environmental compliance and remediation are necessarily imprecise due to such factors as the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the identification of presently unknown remediation sites and the allocation of costs among the potentially responsible parties under applicable statutes. For further discussion regarding its environmental matters, related accruals and environmentally related capital expenditures, see Note 18 to the Consolidated Financial Statements, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Environmental and Other Matters," and "Legal Proceedings—Environmental Matters" in this report. If actual expenditures exceed the amounts accrued, that could have an adverse effect on its results of operations and financial position.

Kalamazoo River Superfund Site—Lyondell acquired Millennium on November 30, 2004. A Millennium subsidiary has been identified as a PRP under CERCLA or similar law with respect to the Kalamazoo River Superfund Site. The site involves cleanup of river sediments and floodplain soils contaminated with polychlorinated biphenyls, cleanup of former paper mill operations, and cleanup and closure of landfills associated with the former paper mill operations. Litigation concerning the matter commenced by the State of Michigan in December 1987 was recently dismissed, although the State reserved its right to bring certain claims in the future if the issues are not resolved in the CERCLA process. In 2000, the Kalamazoo River Study Group (the "KRSG"), of which the Millennium subsidiary and other PRPs are members, submitted to the State of Michigan a Draft Remedial Investigation and Draft Feasibility Study, which evaluated a number of remedial options for the river. The estimated costs for these remedial options ranged from $0 to $2.5 billion.

Although the KRSG study identified a broad range of remedial options, management does not believe that any single remedy among those options represented the highest-cost reasonably possible outcome. In 2004, LyondellBasell Industries recognized a liability representing Millennium's interim allocation of 55% of the $73 million total of estimated cost of riverbank stabilization, recommended as the preferred remedy in 2000 by the KRSG study, and of certain other costs.

At the end of 2001, the U.S. EPA took lead responsibility for the river portion of the site at the request of the State of Michigan. In 2004, the EPA initiated a confidential process to facilitate discussions among the agency, the Millennium subsidiary, other PRPs, the Michigan Departments of Environmental Quality and Natural Resources, and certain federal natural resource trustees about the need for additional investigation activities and different possible approaches for addressing the contamination in and along the Kalamazoo River.

As these discussions have continued, management has obtained new information about regulatory oversight costs and other remediation costs, including a proposed remedy to be applied to a specific portion of the river, and has been able to reasonably estimate anticipated costs for certain other segments of the river, based in part on experience to date with the remedy currently being applied to the one portion of the river. As a result, management can reasonably estimate the probable spending for remediation of three segments of the river, which has been accrued as of September 30, 2008. Management's best estimates for costs relating to other segments of the river, which may remain uncertain for the foreseeable future, also have been accrued, based on the KRSG study. As of September 30, 2008, the probable additional future remediation spending associated with the river cannot be determined with certainty but the amounts accrued are believed to be the current best estimate of future costs, based on information currently available.

In addition, LyondellBasell Industries has recognized a liability primarily related to Millennium's estimated share of remediation costs for two former paper mill sites and associated landfills, which are also part of the Kalamazoo River Superfund Site. Although no final agreement has been reached as to the ultimate remedy for these locations, Millennium has begun remediation activity related to these sites.

Millennium's ultimate liability for the Kalamazoo River Superfund Site will depend on many factors that have not yet been determined, including the ultimate remedies selected, the determination of natural resource damages, the number and financial viability of the other PRPs, and the determination of the final allocation among the PRPs. *See* Note 18 of the Consolidated Financial Statements in this report, for more information as to the accrued liabilities related to the Kalamazoo River and the two former paper mill sites with associated landfills.

Other regulatory requirements—In addition to the matters described above, LyondellBasell Industries is subject to other material regulatory requirements that could result in higher operating costs, such as regulatory requirements relating to the security of its facilities, and the transportation, exportation or registration of its products. Although LyondellBasell Industries has compliance programs and other processes intended to ensure compliance with all such regulations, LyondellBasell Industries is subject to the risk that its 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 significant.

Legislative and other actions have eliminated substantially all U.S. demand for MTBE. Therefore, LyondellBasell Industries has been selling its U.S.-produced MTBE for use outside of the U.S., and may in the future produce an alternative gasoline blending component in the U.S., which may be less profitable than MTBE.

Substantially all refiners and blenders have discontinued the use of MTBE in the U.S., partly as a result of U.S. federal governmental initiatives to increase use of bio-ethanol in gasoline as well as some state legislation to reduce or ban the use of MTBE. Accordingly, LyondellBasell Industries is marketing its U.S.-produced MTBE for use outside of the U.S. However, there are higher distribution costs and import duties associated with exporting MTBE outside the U.S., and the increased supply of MTBE may reduce profitability of MTBE in these export markets. Its U.S.-based and European-based MTBE plants generally have the flexibility to produce either MTBE or ETBE to accommodate market needs. LyondellBasell Industries produce and sell ETBE in Europe to address Europe's growing demand for bio-based fuels. In addition, LyondellBasell Industries may, in the future, modify equipment at its Channelview, Texas facility to provide it with the flexibility to produce an alternative gasoline blending component or either MTBE or ETBE at that facility in the future. Any decision to produce an alternative gasoline blending component will depend on the timing and cost of equipment modifications, and product decisions will continue to be influenced by regulatory and market developments. The profit contribution related to an alternative gasoline blending component may be significantly lower than that historically realized on MTBE and ETBE.

Proceedings related to the alleged exposure to lead-based paints and lead pigments could require Millennium to spend material amounts in litigation and settlement costs and judgments.

Together with alleged past manufacturers of lead-based paint and lead pigments for use in paint, Millennium has been named as a defendant in various legal proceedings in the U.S. alleging personal injury, property damage, and remediation costs allegedly associated with the use of these products. The plaintiffs include individuals and governmental entities, and seek recovery under a variety of theories, including negligence, failure to warn, breach of warranty, conspiracy, market share liability, fraud, misrepresentation and nuisance. The majority of these legal proceedings assert unspecified monetary damages in excess of the statutory minimum and, in certain cases, seek equitable relief such as abatement of lead-based paint in buildings. These legal proceedings are in various trial stages and post-dismissal settings, some of which are on appeal.

While LyondellBasell Industries believes that Millennium has valid defenses to all the lead-based paint and lead pigment proceedings and is vigorously defending them, litigation is inherently subject to many uncertainties. Additional lead-based paint and lead pigment litigation may be filed against Millennium in the future asserting similar or different legal theories and seeking similar or different types of damages and relief, and any adverse court rulings or determinations of liability, among other factors, could affect this litigation by encouraging an increase in the number of future claims and proceedings. In addition, from time to time, legislation and administrative regulations have been enacted or proposed to impose obligations on present and former manufacturers of lead-based paint and lead pigment respecting asserted health concerns associated with such products or to overturn successful court decisions. LyondellBasell Industries is unable to predict the outcome of lead-based paint and lead pigment litigation, the number or nature of possible future claims and proceedings, or the effect that any legislation and/or administrative regulations may have on Millennium and, therefore, LyondellBasell Industries. In addition, LyondellBasell Industries cannot reasonably estimate the scope or amount of the costs and potential liabilities related to such litigation, or any such legislation and regulations. Thus, any liability Millennium incurs with respect to pending or future lead-based paint or lead pigment litigation, or any legislation or regulations could, to the extent not covered or reduced by insurance or other recoveries, have a material impact on Millennium's and, therefore, LyondellBasell Industries' results of operations. In addition, LyondellBasell Industries has not accrued any liabilities for judgments or settlements against Millennium resulting from lead-based paint and lead pigment litigation. Any liability that Millennium may ultimately incur with respect to lead-based paint and lead pigment litigation is not affected by the sale of the inorganic chemicals business, which closed on May 15, 2007. See "Legal Proceedings" for additional discussion regarding lead-based paint and lead pigment litigation.

LyondellBasell Industries' international operations are subject to exchange rate fluctuations, exchange controls, political risks and other risks relating to international operations.

LyondellBasell Industries has substantial international operations, which 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. These events could reduce the demand for its products, decrease the prices at which LyondellBasell Industries can sell its products, disrupt production or other operations internationally, require substantial capital and other costs to comply, and/or increase security costs or insurance premiums, all of which could reduce its operating results. In addition, LyondellBasell Industries obtains a substantial portion of its principal raw materials from international sources that are subject to these same risks. Its compliance with applicable customs, currency exchange control regulations, transfer pricing regulations or any other laws or regulations to which LyondellBasell Industries 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 LyondellBasell Industries. For geographic data, see Note 24 to the LyondellBasell Industries Consolidated Financial Statements for the years ended December 31, 2007 and 2006.

Furthermore, LyondellBasell Industries may experience difficulty enforcing agreements in certain jurisdictions. In jurisdictions where bankruptcy laws and practices may vary, LyondellBasell Industries may experience difficulty collecting receivables through the applicable legal systems. LyondellBasell Industries is subject to certain existing, and may be subject to possible future, laws that limit or may limit its activities while some of its competitors may not be subject to such laws, which may adversely affect its competitiveness.

In addition, LyondellBasell Industries generates revenue 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 LyondellBasell Industries conduct its business, cannot be predicted. LyondellBasell Industries 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 its pension cost.

LyondellBasell Industries' funding policy for pension plans is to accumulate plan assets that, over the long run, will approximate the present value of projected benefit obligations. LyondellBasell Industries' 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 can 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 its pension plans as well as the net periodic pension cost in the following fiscal years. Certain of its current pension plans are underfunded. The fair values of our pension plans assets have decreased since December 31, 2007 as a result of significant turmoil in financial markets. Further declines in the fair values of the pension plans assets could require additional payments by us in order to maintain specified funding levels. See Note 16 to the Consolidated Financial Statements included in LyondellBasell Industries' Quarterly Report for the quarter ended September 30, 2008.

LyondellBasell Industries' U.S. pension plans are subject to the Employment Retirement Income Security Act of 1974, or "ERISA." Under ERISA, the Pension Benefit Guaranty Corporation, or "PBGC," has the authority to terminate an underfunded pension plan under limited circumstances. In the event that its U.S. pension plans are terminated for any reason while the plans are underfunded, LyondellBasell Industries will incur a liability to the PBGC that may be equal to the entire amount of the underfunding.

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

As of September 30, 2008, LyondellBasell Industries had a patent portfolio of approximately 10,000 issued patents pending patent application worldwide. These patents, together with proprietary technical know-how, relate to LyondellBasell Industries' products and the processes and catalysts used for their production, and are significant to its competitive position, particularly with regard to propylene oxide, performance chemicals, petrochemicals, flavor and fragrance chemicals, and polymers, including processing technologies such as *Spheripol, Spherizone, Hostalen, Spherilene, Lupotech T* and *Lupotech G* and *Avant* catalyst family technology rights. LyondellBasell Industries relies on the patent, copyright and trade secret laws of the U.S. and other countries to protect its investment in research and development, manufacturing and marketing. However, LyondellBasell Industries may be unable to prevent third parties from using its intellectual property without authorization. Proceedings to protect these rights could be costly, and LyondellBasell Industries 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 LyondellBasell Industries, its patents may be challenged, invalidated, circumvented or rendered unenforceable. In addition, if any pending patent application filed by LyondellBasell Industries does not result in an issued patent, or if patents are issued to LyondellBasell Industries, but such patents do not provide meaningful protection of its intellectual property, then its ability to exploit its intellectual property may be adversely affected. Furthermore, as patents expire, the products and processes described and claimed under those patents become generally available for use by competitors. LyondellBasell Industries' continued growth strategy may also bring it to regions of the world where intellectual property protection may be limited and difficult to enforce. In addition, patent rights may not prevent its competitors from developing, using or selling products that are similar or functionally equivalent to LyondellBasell Industries' products. Moreover, LyondellBasell Industries' competitors or other third parties may obtain patents that restrict or preclude our ability to lawfully produce or sell its products in a competitive manner, which could result in significantly lower revenues, reduced profit margins and/or loss of market share.

LyondellBasell Industries also relies upon unpatented proprietary know-how and continuing technological innovation and other trade secrets to develop and maintain its competitive position. While it is our policy to enter into confidentiality agreements with its employees and third parties to protect its intellectual property, these confidentiality agreements may be breached, may not provide meaningful protection for its trade secrets or proprietary know-how, or adequate remedies may not be available in the event of an unauthorized use or disclosure of its trade secrets and know-how. In addition, others could obtain knowledge of LyondellBasell Industries' trade secrets through independent development or other access by legal or illegal means.

The failure of LyondellBasell Industries' patents or confidentiality agreements to protect its 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. Additionally, LyondellBasell Industries may be subject to claims that its technology, patents or other intellectual property infringes on a third party's intellectual property rights. Unfavorable resolution of these claims could either result in LyondellBasell Industries being restricted from delivering the related service or result in a settlement that could be material to it.

LyondellBasell Industries may not experience future growth or benefit from future business opportunities.

LyondellBasell Industries' ability in the future to grow its businesses or to benefit from future business opportunities is dependent on business conditions in future periods that LyondellBasell Industries cannot predict or measure with certainty. There can be no assurance that LyondellBasell Industries will achieve the expected growth levels or financial performance. Its operations require significant amounts of cash, and LyondellBasell Industries may be required to seek additional capital to fund working capital or acquisitions or to fund the future expansion and development of existing businesses. There can be no assurance that additional capital will be available or that, if available, it will be on favorable terms. See "—Risks Relating to Indebtedness." LyondellBasell Industries' assumptions underlying its future growth strategies may be inaccurate, and future business conditions and events may reduce or eliminate its ability to implement these strategies. In addition, LyondellBasell Industries may experience increased competition, including competition for acquisitions, that limits its ability to grow its business. General industry and business conditions may continue to deteriorate, which also may limit its ability to grow the business or to benefit from business opportunities. Finally, its growth strategies may not be successful or the costs of integration for future acquisitions may be higher than expected. The inability to experience future growth or to benefit from future business opportunities may materially adversely affect its business, financial condition, results of operations and cash flows.

LyondellBasell Industries pursues acquisitions, dispositions, partnerships and joint ventures, which may require significant resources and may not yield the expected benefits.

LyondellBasell Industries seeks opportunities to generate value through business combinations, purchases and sales of assets, partnerships, contractual arrangements or joint ventures. Any future transaction may require that LyondellBasell Industries make significant cash investment, incur substantial debt or assume substantial liabilities. In addition, these transactions may require significant managerial attention, which may be diverted from its other operations. These capital, equity and managerial commitments may impair the operation of its businesses.

Transactions that LyondellBasell Industries pursues may be intended to, among other things, result in the realization of synergies, the creation of efficiencies or the generation of cash to reduce debt. Although these transactions may be expected to yield longer-term benefits if the expected efficiencies and synergies of the transactions are realized, they could reduce its operating results in the short term because of the costs, charges and financing arrangements associated with such transactions or the benefits of a transaction may not be realized to the extent anticipated. Other transactions may advance future cash flows from some of its businesses, thereby yielding increased short-term liquidity, but consequently resulting in lower cash flows from these operations over the longer term. Also, any future acquisitions of businesses or facilities could entail a number of additional risks, including, problems with effective integration of operations, the inability to maintain key pre-acquisition business relationships, increased operating costs, exposure to unanticipated liabilities, and difficulties in realizing projected efficiencies, synergies and cost savings.

Integration of the historical Lyondell businesses with the historical Basell businesses may lead to unanticipated costs and operations may be disrupted.

The process of effectively integrating the historical Basell and Lyondell businesses into one company will continue to require significant managerial and financial resources. The costs and time required to integrate these businesses into one organization could cause the interruption of, or a loss of momentum in, the activities of any one, or several, of the operations of the constituent entities. Furthermore, the Acquisition has significantly increased its size and has also substantially increased the scope and complexity of its operations. There can be no assurance that LyondellBasell Industries will be able to effectively manage this newly enlarged operation, or achieve the desired profitability from the Acquisition. A failure to successfully integrate Lyondell with Basell's legacy business operations within the expected time frame could adversely affect its business, financial condition and results of operations. The Acquisition also may expose it to certain additional risks, including:

- difficulties arising from operating a significantly larger and more complex organization and adding Lyondell's operations to Basell's legacy operations;
- difficulties in the assimilation of the assets and operations of the Lyondell businesses with the assets and operations of Basell, especially when the assets are in business segments not shared historically by both companies or involve joint venture partners;
- the loss of, or difficulty in attracting, customers, business partners or key employees as a result of uncertainties associated with the Acquisition or otherwise;
- customers and business partners of LyondellBasell Industries being unwilling to continue doing business on the same or similar terms as a result of the Acquisition;
- challenges associated with the implementation of changes in management in connection with the Acquisition and the integration of the combined company management team;
- difficulties in consolidating the workforces of Lyondell and Basell and coordinating geographically disparate organizations, systems and facilities;
- the diversion of management attention from other business concerns;
- difficulties arising from coordinating and consolidating corporate and administrative functions, including integration of internal controls and procedures and information technology systems;
- unforeseen legal, regulatory, contractual, labor or other issues; and the failure to realize expected synergies, profitability or growth.

Further, unexpected costs and challenges may arise whenever businesses with different operations or management are combined and LyondellBasell Industries may experience unanticipated delays in realizing the benefits of the Acquisition.

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

A portion of its operations currently are, and may in the future be, conducted through joint ventures. LyondellBasell Industries share control of these joint ventures with third parties.

LyondellBasell Industries' forecasts and plans with respect to these joint ventures assume that its joint venture partners will observe their joint venture obligations. In the event that any of its joint venture partners do not observe their joint venture obligations, it is possible that the affected joint venture would not be able to operate in accordance with its business plans or that LyondellBasell Industries would be required to increase its level of commitment in order to give effect to such plans.

As with any such joint venture arrangements, differences in views among the joint venture participants 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 its business and operations.

There may be conflicts of interests arising out of the Access Group's ownership of LyondellBasell Industries.

The Access Group has made in the past and may from time to time make investments in businesses that operate in industries that are the same or related to the industries in which LyondellBasell Industries operates. These investments may lead to conflicts of interest. Certain investments or acquisition opportunities that may be appropriate for it may also be appropriate for the Access Group or one of its other affiliates, and neither the Access Group nor any of its representatives on its board of directors will have an obligation to direct or facilitate the making of any particular investment through it rather than through another affiliate of the Access Group. Moreover, the terms of the agreements governing its indebtedness may limit the ability of any such investments to be combined with it or its operations.

Failure to develop new products, including production process technologies and polyolefin catalysts, or to successfully implement productivity and cost reduction initiatives may harm its competitive position.

LyondellBasell Industries' operating results, especially in its technology and R&D segment, depend in part on the development of new commercially viable products, including production process technologies, polyolefin catalysts and polyolefins products. If LyondellBasell Industries is unsuccessful in developing new products in the future, its competitive position and operating results will be negatively affected. LyondellBasell Industries' future results depend in part upon its ability to maintain technological capabilities and to continue to identify, develop and commercialize innovative products. Its failure to continue to keep pace with technological developments by its competitors could make it less competitive.

LyondellBasell Industries may not be successful in continuing to develop similar product innovations in the future. LyondellBasell Industries' future operating results will depend significantly on its ability to continue to introduce new products and applications and to develop new product offerings that offer distinct value for its customers. Many of its products may be affected by rapid technological change and new product introductions and enhancements. LyondellBasell Industries intend to continue to devote significant resources to the development of new technologically advanced catalysts and polyolefins products and to continue to devote expenditures to the research and development functions of its business. However, LyondellBasell Industries cannot assure you that the market will accept its innovations, that LyondellBasell Industries will have sufficient resources to research and develop all promising new technologies and products or that research and development efforts and expenditures for products will ultimately prove successful. If any of its current or future competitors develops proprietary technology that enables them to produce products at a significantly lower cost, its technology could become uncompetitive. In addition, LyondellBasell Industries faces intense competition to attract and retain highly skilled research and development personnel, and its success, particularly in its technology and R&D segment, depends in large part on the talents and efforts of its research and development personnel.

The information technology system and infrastructure requirements for the Basell legacy business operations are outsourced to a single provider.

LyondellBasell Industries' business depends in part on its information technology systems. These systems play an integral part in, among other things, purchasing, inventory management, processing customer orders, financial reporting and other operational functions. The continuing and uninterrupted performance of these systems is critical to its efficient business operations. The Basell legacy business operations outsource substantially all of their information technology system and infrastructure requirements to Computer Sciences Corporation ("CSC"). As a result, these operations depend on the ability of CSC to maintain its systems and infrastructure in effective working order. If CSC were unable for any reason to continue to provide the services the Basell legacy business operations require and it became necessary to enter into arrangements with other parties to provide these services, there can be no assurance that LyondellBasell Industries could transition to another service provider without a significant disruption of its operations or significant unanticipated costs.