LyondellBasell Industries N.V.
Form 10-Q
November 01, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

(Mark One)

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2011

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-34726

LYONDELLBASELL INDUSTRIES N.V.

(Exact name of registrant as specified in its charter)

The Netherlands	**98-0646235**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

Weena 737
3013 AM Rotterdam
The Netherlands
(Address of principal executive offices)

31 10 275 5500
(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o	Non-accelerated filer þ	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes þ No o

The registrant had 577,441,527 ordinary shares, 0.04 par value, outstanding at October 28, 2011.

LYONDELLBASELL INDUSTRIES N.V.
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PART I. FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
LYONDELLBASELL INDUSTRIES N.V.
CONSOLIDATED STATEMENTS OF INCOME

	Successor				Predecessor
	Three Months Ended September 30,		Nine Months Ended September 30,	May 1 through September 30,	January 1 through April 30,
Millions of dollars, except earnings per share	**2011**	**2010**	**2011**	**2010**	**2010**
Sales and other operating revenues:					
Trade	$ 13,023	$ 10,116	$ 38,716	$ 16,771	$ 13,260
Related parties	274	186	875	303	207
	13,297	10,302	39,591	17,074	13,467
Operating costs and expenses:					
Cost of sales	11,538	9,075	34,955	15,273	12,414
Selling, general and administrative expenses	239	204	697	333	308
Research and development expenses	53	35	142	58	55
	11,830	9,314	35,794	15,664	12,777
Operating income	1,467	988	3,797	1,410	690
Interest expense	(155)	(182)	(495)	(314)	(713)
Interest income	10	(4)	31	8	5
Other income (expense), net	10	(97)	12	(43)	(265)
Income (loss) before equity investments, reorganization items and income taxes	1,332	705	3,345	1,061	(283)
Income from equity investments	52	29	183	56	84
Reorganization items		(13)	(30)	(21)	7,388
Income before income taxes	1,384	721	3,498	1,096	7,189
Provision for (benefit from) income taxes	489	254	1,140	282	(1,315)
Net income	895	467	2,358	814	8,504
Net loss attributable to non-controlling interests		7	4	2	60
Net income attributable to the Company	$ 895	$ 474	$ 2,362	$ 816	$ 8,564
Earnings per share:					
Net income:					
Basic	$ 1.56	$ 0.84	$ 4.14	$ 1.45	

Diluted	$ 1.51	$ 0.84	$ 4.12	$ 1.45

See Notes to the Consolidated Financial Statements.

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LYONDELLBASELL INDUSTRIES N.V.
CONSOLIDATED BALANCE SHEETS

Millions, except shares and par value data	September 30, 2011	December 31, 2010
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 5,609	$ 4,222
Restricted cash	292	11
Accounts receivable:		
Trade, net	3,786	3,482
Related parties	252	265
Inventories	5,682	4,824
Prepaid expenses and other current assets	1,097	975
Total current assets	16,718	13,779
Property, plant and equipment, net	7,363	7,190
Investments and long-term receivables:		
Investment in PO joint ventures	422	437
Equity investments	1,594	1,587
Related party receivables	4	14
Other investments and long-term receivables	67	67
Goodwill	598	595
Intangible assets, net	1,237	1,360
Other assets	264	273
Total assets	$ 28,267	$ 25,302

See Notes to the Consolidated Financial Statements.

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LYONDELLBASELL INDUSTRIES N.V.
CONSOLIDATED BALANCE SHEETS

Millions, except shares and par value data	September 30, 2011	December 31, 2010
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 2	$ 4
Short-term debt	49	42
Accounts payable:		
Trade	2,440	1,968
Related parties	867	793
Accrued liabilities	1,505	1,705
Deferred income taxes	315	319
Total current liabilities	5,178	4,831
Long-term debt	5,782	6,036
Other liabilities	2,021	2,183
Deferred income taxes	1,204	656
Commitments and contingencies		
Stockholders equity:		
Ordinary shares, 0.04 par value, 1,275 million shares authorized, 573,257,117 and 565,676,222 shares issued, respectively	31	30
Additional paid-in capital	10,265	9,837
Retained earnings	3,778	1,587
Accumulated other comprehensive income	79	81
Treasury stock, at cost, 4,184,410 and 1,122,651 ordinary shares, respectively	(128)	
Total company share of stockholders equity	14,025	11,535
Non-controlling interests	57	61
Total equity	14,082	11,596
Total liabilities and equity	$ 28,267	$ 25,302

See Notes to the Consolidated Financial Statements.

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LYONDELLBASELL INDUSTRIES N.V.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Successor		Predecessor
		May 1	January 1
Millions of dollars	**Nine Months Ended September 30, 2011**	**through September 30, 2010**	**through April 30, 2010**
Cash flows from operating activities:			
Net income	$ 2,358	$ 814	$ 8,504
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Depreciation and amortization	676	351	565
Asset impairments	44		9
Amortization of debt-related costs	28	15	307
Inventory valuation adjustment		365	
Equity investments -			
Equity income	(183)	(56)	(84)
Distribution of earnings, net of tax	162	28	18
Deferred income taxes	667	185	(1,321)
Reorganization items and fresh start accounting adjustments, net	30	21	(7,388)
Reorganization-related payments, net	(10)	(334)	(407)
(Gain) loss on sale of assets	(45)		4
Unrealized foreign currency exchange loss (gain)	16	21	264
Changes in assets and liabilities that provided (used) cash:			
Accounts receivable	(282)	34	(650)
Inventories	(864)	131	(368)
Accounts payable	552	167	249
Prepaid expenses and other current assets	(139)	150	58
Other, net	(232)	337	(685)
Net cash provided by (used in) operating activities	2,778	2,229	(925)
Cash flows from investing activities:			
Expenditures for property, plant and equipment	(761)	(266)	(226)
Proceeds from disposal of assets	71		1
Short-term investments			12
Restricted cash	(281)		(11)
Net cash used in investing activities	(971)	(266)	(224)
Cash flows from financing activities:			
Issuance of Class B common stock			2,800
Shares issued upon exercise of warrants	37		
Dividends paid	(171)		
Repayments of debtor-in-possession term loan facility			(2,170)

Net repayments under debtor-in-possession revolving credit facility			(325)
Net borrowings on revolving credit facilities		52	38
Proceeds from short-term debt		7	8
Repayments of short-term debt		(8)	(14)
Issuance of long-term debt			3,242
Repayments of long-term debt	(260)		(9)
Payments of debt issuance costs	(15)	(2)	(253)
Other, net	(8)	(4)	(2)
Net cash provided by (used in) financing activities	(417)	45	3,315
Effect of exchange rate changes on cash	(3)	113	(13)
Increase in cash and cash equivalents	1,387	2,121	2,153
Cash and cash equivalents at beginning of period	4,222	2,711	558
Cash and cash equivalents at end of period	$ 5,609	$ 4,832	$ 2,711

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.
CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY

Millions of dollars	Ordinary Shares Issued	Ordinary Shares Treasury	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders Equity	Non-Controlling Interests	Comprehensive Income
Balance, January 1, 2011	$ 30	$	$ 9,837	$ 1,587	$ 81	$ 11,535	$ 61	
Warrants exercised	1		402			403		
Shares purchased		(133)				(133)		
Share-based compensation		5	26			31		
Net income (loss)				2,362		2,362	(4)	$ 2,358
Cash dividends ($0.30 per share)				(171)		(171)		
Changes in unrecognized employee benefits gains and losses, net of tax of less than $1					2	2		2
Foreign currency translations, net of tax of less than $1					(4)	(4)		(4)
Comprehensive income								$ 2,356
Balance, September 30, 2011	$ 31	$ (128)	$ 10,265	$ 3,778	$ 79	$ 14,025	$ 57	

See Notes to the Consolidated Financial Statements.

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LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Basis of Presentation

LyondellBasell Industries N.V. is a limited liability company (*Naamloze Vennootschap*) incorporated under Dutch law by deed of incorporation dated October 15, 2009. LyondellBasell Industries N.V. was formed to serve as the parent holding company for certain subsidiaries of LyondellBasell Industries AF S.C.A. (together with its subsidiaries, LyondellBasell AF, the Predecessor Company or the Predecessor) after completion of proceedings under chapter 11 (chapter 11) of title 11 of the United States Bankruptcy Code (the U.S. Bankruptcy Code). LyondellBasell Industries AF S.C.A. and 93 of its subsidiaries were debtors (the Debtors) in jointly administered bankruptcy cases (the Bankruptcy Cases) in the United States Bankruptcy Court in the Southern District of New York (the Bankruptcy Court). As of April 30, 2010 (the Emergence Date), LyondellBasell Industries AF S.C.A. s equity interests in its indirect subsidiaries terminated and LyondellBasell Industries N.V. now owns and operates, directly and indirectly, substantially the same business as LyondellBasell Industries AF S.C.A. owned and operated prior to emergence from the Bankruptcy Cases, which business includes subsidiaries of LyondellBasell Industries AF S.C.A. that were not involved in the Bankruptcy Cases. LyondellBasell Industries AF S.C.A. is no longer part of the LyondellBasell group.

Effective May 1, 2010, we adopted fresh-start accounting pursuant to Accounting Standards Codification (ASC) 852, *Reorganizations*. Accordingly, the basis of the assets and liabilities in LyondellBasell AF s financial statements for periods prior to May 1, 2010 will not be comparable to the basis of the assets and liabilities in the financial statements prepared for LyondellBasell N.V. after emergence from bankruptcy.

LyondellBasell Industries N.V., together with its consolidated subsidiaries (collectively LyondellBasell N.V., the Successor Company or the Successor), is a worldwide manufacturer of chemicals and polymers, a refiner of crude oil, a significant producer of gasoline blending components and a developer and licensor of technologies for production of polymers and other chemicals. When we use the terms LyondellBasell N.V., the Successor Company, the Successor, we, us, our or similar words, unless the context otherwise requires, we are referring to LyondellBasell N.V. after April 30, 2010. References herein to the Company for periods through April 30, 2010 are to the Predecessor Company, LyondellBasell AF, and for periods after the Emergence Date, to the Successor Company, LyondellBasell N.V.

The accompanying consolidated financial statements are unaudited and have been prepared from the books and records of LyondellBasell N.V. after April 30, 2010 and LyondellBasell AF for periods up to and including that date in accordance with the instructions to Form 10-Q and Rule 10-1 of Regulation S-X for interim financial information. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements. In our opinion, all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation have been included. The results for interim periods are not necessarily indicative of results for the entire year. These consolidated financial statements should be read in conjunction with the LyondellBasell N.V. consolidated financial statements and notes thereto included in the LyondellBasell Industries N.V. Current Report on Form 8-K/A filed with the SEC on August 12, 2011.

2. Accounting and Reporting Changes

Compensation In September 2011, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) related to Accounting Standards Codification (ASC) Topic 715, *Compensation Retirement Benefits*. This ASU requires enhanced disclosures in the annual financial statements of the employers that participate in multiemployer pension plans and therefore, helps users better understand the financial health of all the significant plans in which the employer participates. The amendments are effective for fiscal years ending after December 15, 2011. Early adoption is permitted. The amendments in the ASU should be applied retrospectively for

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LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

all periods presented. We are currently evaluating the impact of the adoption of this amendment on the presentation of our consolidated financial statements.

Goodwill In September 2011, the FASB issued an ASU related to ASC Topic 350, *Intangibles Goodwill and Other,* which amends the guidance on testing goodwill for impairment. Under the revised guidance, an entity has the option of first performing a qualitative assessment before calculating the fair value of the reporting unit (i.e. step 1 of the goodwill impairment test). If an entity believes, as a result of its qualitative assessment, that the fair value of the reporting unit is more-likely-than-not less than the carrying amount, the two-step impairment test would be required. The new qualitative indicators replace those currently used to determine whether an interim goodwill impairment test is required. An entity can choose to perform the qualitative assessment on none, some or all of its reporting units. The ASU does not change how goodwill is calculated, nor does it revise the requirement to test goodwill annually or when events or circumstances warrant interim testing. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. The adoption of this amendment is not expected to have a material effect on our consolidated financial statements.

In December 2010, the FASB issued guidance related to ASC Topic 350 that requires a company with reporting units having a carrying amount of zero or less to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. This guidance is effective for fiscal years, and interim periods within those years, beginning on or after December 15, 2010. Adoption of this amendment in January 2011 did not have a material effect on our consolidated financial statements.

Comprehensive Income In June 2011, the FASB issued ASU related to ASC Topic 220, *Comprehensive Income: Presentation of Comprehensive Income*. This standard eliminates the current option to report other comprehensive income and its components in the statement of changes in equity. Under the ASC 220, an entity can elect to present either 1) one continuous statement of comprehensive income or 2) in two separate but consecutive statements. Under the two-statement approach, the first statement would include components of net income, which is consistent with the income statement format used today, and the second statement would include components of other comprehensive income (OCI). The ASU does not change the items that must be reported in OCI. The statement(s) would need to be presented with equal prominence as the other primary financial statements. The ASU is effective for interim and annual periods beginning on or after December 15, 2011. Early adoption is permitted but full retrospective application is required. The adoption of this amendment will have an affect on the presentation of our Consolidated Financial Statements by inclusion of either Consolidated Statements of Other Comprehensive Income or a Consolidated Statements of Comprehensive Income.

Fair Value Measurement In May, 2011 the FASB issued new guidance related to ASC Topic 820, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs.* The new guidance results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS and changes some fair value measurement principles and disclosure requirements. This guidance aligns the fair value measurement of instruments classified within an entity s shareholders equity with the guidance for liabilities and as a result, requires an entity to measure the fair value of its own equity instruments from the perspective of a market participant that holds the equity instruments as assets. This guidance also enhances disclosure requirements for recurring Level 3 fair value measurements to include quantitative information about unobservable inputs used, a description of the valuation processes used by the entity, and a qualitative discussion about the sensitivity of the measurements. New disclosures on the use of a nonfinancial asset measured or disclosed at fair value are required if its use differs from its highest and best use. In addition, entities must report the level in the fair value hierarchy of assets and liabilities not recorded at fair value but where fair value is disclosed. The ASU is effective for interim and annual periods beginning on or after December 15, 2011, with early adoption prohibited. The adoption of this amendment is not expected to have a material effect on the presentation of our consolidated financial statements.

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LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In January 2010, the FASB issued additional guidance on improving disclosures regarding fair value measurements. The guidance requires the disclosure of the amounts of, and the rationale for, significant transfers between Level 1 and Level 2 of the fair value hierarchy, as well as the rationale for transfers in or out of Level 3. In 2010, we adopted all of the amendments regarding fair value measurements except for a requirement to disclose information about purchases, sales, issuances, and settlements in the reconciliation of recurring Level 3 measurements on a gross basis. Our implementation in January 2011 of the requirement to separately disclose purchases, sales, issuances, and settlements of recurring Level 3 measurements did not have a material impact on the presentation of our consolidated financial statements.

Business Combinations In December 2010, the FASB issued guidance related to ASC Topic 805, *Business Combinations*, to clarify that if a public entity presents comparative financial statements, the entity should disclose pro-forma revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. This guidance also expands the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. This guidance is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. Early adoption is permitted. Adoption of this amendment in January 2011 did not have a material effect on our consolidated financial statements.

Revenue Recognition In October 2009, the FASB ratified the consensus reached by its emerging issues task force to require companies to allocate revenue in multiple-element arrangements based on the estimated selling price of an element if vendor-specific or other third-party evidence of value is not available. The adoption of these changes, in January 2011, did not have a material effect on our consolidated financial statements.

3. Restricted Cash

Restricted cash primarily represents amounts deposited with financial institutions to collateralize letters of credit. As of September 30, 2011, letters of credit totaling $267 million were cash collateralized. Such cash is included in the $292 million reflected as Restricted cash on the Consolidated Balance Sheet as of September 30, 2011.

4. Accounts Receivable

Our allowance for doubtful accounts receivable, which is reflected in the Consolidated Balance Sheets as a reduction of accounts receivable, totaled $17 million and $12 million at September 30, 2011 and December 31, 2010, respectively.

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LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Inventories

Inventories consisted of the following components:

	Successor	
Millions of dollars	**September 30, 2011**	**December 31, 2010**
Finished goods	$ 3,765	$ 3,127
Work-in-process	239	230
Raw materials and supplies	1,678	1,467
Total inventories	$ 5,682	$ 4,824

The nine months ended September 30, 2010 include a $365 million non-cash charge to adjust the vale of inventory at September 30, 2010 to market value, which was lower than the April 30, 2010 value applied during fresh-start accounting.

6. Property, Plant and Equipment, Goodwill, Intangibles and Other Assets

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

	Successor	
Millions of dollars	**September 30, 2011**	**December 31, 2010**
Land	$ 292	$ 286
Manufacturing facilities and equipment	7,269	6,752
Construction in progress	732	569
Total property, plant and equipment	8,293	7,607
Less accumulated depreciation	(930)	(417)
Property, plant and equipment, net	$ 7,363	$ 7,190

In the first nine months of 2011, we recognized $20 million of impairment charges related to the capital expenditures at the Berre refinery due to the discounted cash flow projections for the Berre refinery being insufficient to recover the asset s carrying amount.

In July 2010, we ceased production and permanently shut down our polypropylene plant at Terni, Italy. We recognized charges of $23 million, in cost of sales, related to plant and other closure costs in the first quarter of 2010.

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LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Depreciation and amortization expense is summarized as follows:

	Successor				Predecessor
	Three Months Ended		Nine Months Ended	May 1 through	January 1 through
Millions of dollars	**September 30, 2011**	**September 30, 2010**	**September 30, 2011**	**September 30, 2010**	**April 30, 2010**
Property, plant and equipment	$ 194	$ 165	$ 545	$ 259	$ 499
Investment in PO joint ventures	7		22	9	19
Emission allowances	16	18	52	30	
Various contracts	19	39	54	52	
Technology, patent and license costs					25
Software costs	1		3	1	12
Other					10
Total depreciation and amortization	$ 237	$ 222	$ 676	$ 351	$ 565

During the third quarter of 2011, we recognized impairments of $19 million, in Research and Development, related to certain in-process research and development projects, which were abandoned. These projects were recognized as intangible assets at emergence.

Asset Retirement Obligations The liabilities recognized for all asset retirement obligations were $149 million and $132 million at September 30, 2011 and December 31, 2010, respectively.

Goodwill Goodwill increased from $595 million at December 31, 2010 to $598 million at September 30, 2011. The $3 million change in goodwill is a result of foreign exchange translation.

7. Investment in PO Joint Ventures

We, 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 annual in-kind PO production of the U.S. PO Joint Venture of 1.5 billion pounds in 2010. We take 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, we 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. We and Bayer each are entitled to 50% of the PO and SM production at the European PO Joint Venture.

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LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Changes in our investment in the U.S. and European PO joint ventures for 2011 and 2010 are summarized as follows:

Millions of dollars		U.S. PO Joint Venture	European PO Joint Venture	Total PO Joint Ventures
Successor				
Investments in PO joint ventures	January 1, 2011	$ 291	$ 146	$ 437
Cash contributions		3	3	6
Depreciation and amortization		(15)	(7)	(22)
Effect of exchange rate changes			1	1
Investments in PO joint ventures	September 30, 2011	$ 279	$ 143	$ 422
Investments in PO joint ventures	May 1, 2010	$ 303	$ 149	$ 452
Depreciation and amortization		(8)	(1)	(9)
Effect of exchange rate changes			4	4
Investments in PO joint ventures	September 30, 2010	$ 295	$ 152	$ 447
Predecessor				
Investments in PO joint ventures	January 1, 2010	$ 533	$ 389	$ 922
Return of investment			(5)	(5)
Depreciation and amortization		(14)	(5)	(19)
Effect of exchange rate changes			(31)	(31)
Investments in PO joint ventures	April 30, 2010	$ 519	$ 348	$ 867

8. Equity Investments

The changes in equity investments were as follows:

	Successor		Predecessor
Millions of dollars	Nine Months Ended September 30, 2011	May 1 through September 30, 2010	January 1 through April 30, 2010
Beginning balance	$ 1,587	$ 1,524	$ 1,085
Income from equity investments	183	56	84
Dividends received, gross	(168)	(28)	(18)
Contributions to joint venture		7	20

Currency exchange effects	(8)	8	(8)
Other		15	10
Ending balance	$ 1,594	$ 1,582	$ 1,173

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LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Successor			
	Three Months Ended September 30,			
	2011		2010	
Millions of dollars	**100%**	**Company Share**	**100%**	**Company Share**
Revenues	$ 2,688	$ 783	$ 1,995	$ 745
Cost of sales	(2,336)	(680)	(1,717)	(672)
Gross profit	352	103	278	73
Net operating expense	(74)	(23)	(55)	(18)
Operating income	278	80	223	55
Interest income	3	1		
Interest expense	(76)	(20)	(63)	(18)
Foreign currency translation	(3)	(5)	(66)	(13)
Income from equity investments	35	10	55	13
Income before income taxes	237	66	149	37
Provision for income taxes	(45)	(14)	(19)	(8)
Net income	$ 192	$ 52	$ 130	$ 29

	Successor				Predecessor	
	Nine Months Ended September 30, 2011		May 1 through September 30, 2010		January 1 through April 30, 2010	
Millions of dollars	**100%**	**Company Share**	**100%**	**Company Share**	**100%**	**Company Share**
Revenues	$ 9,388	$ 2,916	$ 3,377	$ 1,298	$ 3,127	$ 989
Cost of sales	(8,165)	(2,556)	(2,939)	(1,157)	(2,699)	(869)
Gross profit	1,223	360	438	141	428	120
Net operating expenses	(231)	(72)	(118)	(40)	(82)	(29)
Operating income	992	288	320	101	346	91
Interest income	9	3	2		2	1
Interest expense	(197)	(54)	(84)	(24)	(43)	(13)
Foreign currency translation	(25)	(10)	(24)	(7)	83	24
Income from equity investments	4	5	(4)	(4)	3	2
Income before income taxes	783	232	210	66	391	105
Provision for income taxes	(167)	(49)	(18)	(10)	(67)	(21)

Net income	$	616	$	183	$	192	$	56	$	324	$	84

A joint venture of ours is in default under its financing arrangement due to a delay in the start-up of its assets. The parties are currently negotiating in good faith to resolve the default and at present there is no evidence that such

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negotiations will not be concluded successfully or that the resolution of this matter will have a material adverse impact on our operations or liquidity.

9. Debt

Long-term loans, notes and other long-term debt consisted of the following:

	Successor	
Millions of dollars	**September 30, 2011**	**December 31, 2010**
Bank credit facilities:		
Senior Term Loan Facility due 2014	$ 5	$ 5
Senior Secured 8% Notes due 2017, $2,250 million	1,822	2,025
Senior Secured 8% Notes due 2017, 375 million	410	452
Senior Secured 11% Notes due 2018, $3,240 million	3,240	3,240
Guaranteed Notes, due 2027	300	300
Other	7	18
Total	5,784	6,040
Less current maturities	(2)	(4)
Long-term debt	$ 5,782	$ 6,036

Short-term loans, notes and other short-term debt consisted of the following:

	Successor	
Millions of dollars	**September 30, 2011**	**December 31, 2010**
$2,000 million Senior Secured Asset-Based Revolving Credit Agreement	$	$
Financial payables to equity investees	10	11
Other	39	31
Total short-term debt	$ 49	$ 42

On October 20, 2011, we announced a cash tender offer for up to $1,470 million aggregate principal amount of our outstanding 8% Senior Secured Dollar Notes due 2017 and 8% Senior Secured Euro Notes due 2017 and up to $1,319 million aggregate principal amount of our outstanding 11% Senior Secured Dollar Notes due 2018. In conjunction with the tender offer, we are soliciting consents from the note holders to release the collateral securing the notes and to modify other provisions related to restrictive covenants. The tender offer expires on November 21, 2011 and the consent solicitation expires on November 2, 2011. We cannot be assured that note holders will tender their notes or consent to the changes in the terms of the notes, and, subject to applicable securities laws and certain terms and conditions set forth in the related Offer to Purchase and Consent Solicitation Statement (as it may be amended or supplemented from time to time), we have the right to terminate the tender at any time.

Senior Secured 8% Notes In December 2010, we redeemed $225 million of the dollar denominated and 37.5 million ($50 million) of the Euro denominated Senior Secured 8% Notes at a redemption price of 103% of par, paying premiums totaling $8 million. In May 2011, we redeemed an additional $203 million of Senior Secured

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8% dollar Notes and 34 million ($50 million) of Senior Secured 8% Euro notes due 2017 at a redemption price of 103% of par, paying premiums totaling $7 million.

The Senior Secured 8% Notes were issued by our wholly owned subsidiary, Lyondell Chemical Company (Lyondell Chemical). Lyondell Chemical may redeem the notes (i) prior to maturity at specified redemption premium percentages according to the date the notes are redeemed or (ii) from time to time at a redemption price of 100% of such principal amount plus an applicable premium as calculated pursuant to a formula.

In addition, Lyondell Chemical has the option to redeem up to 10% of the outstanding Senior Secured 8% Notes annually prior to May 1, 2013 at a redemption price equal to 103% of such notes principal amount. Also prior to May 1, 2013, Lyondell Chemical has the option to redeem up to 35% of the original aggregate principal amount of the Senior Secured 8% Notes at a redemption price of 108% of such principal amount, with the net proceeds of one or more equity offerings, provided that (i) at least 50% of the original aggregate principal amount remains outstanding immediately after such redemption and (ii) the redemption occurs within 90 days of the closing of the equity offering. The value of this embedded derivative is nominal.

Senior Secured 11% Notes The Senior Secured 11% Notes also were issued by Lyondell Chemical. Lyondell Chemical may redeem the notes (i) at par on or after May 1, 2013 and (ii) from time to time at a redemption price of 100% of such principal amount plus an applicable premium as calculated pursuant to a formula.

In addition, Lyondell Chemical has the option to redeem up to 35% of the original aggregate principal amount of the Senior Secured 11% Notes at a redemption price of 111% of such principal amount, with the net proceeds of one or more equity offerings, provided that (i) at least 50% of the original aggregate principal amount remains outstanding immediately after such redemption and (ii) the redemption occurs within 90 days of the closing of the equity offering. The value of this embedded derivative is nominal.

Registration Rights Agreements In connection with the issuance of the Senior Secured 8% Notes and the Senior Secured 11% Notes (collectively, the Senior Secured Notes), we entered into certain registration rights agreements. The agreements required us to (i) exchange the Senior Secured 8% Notes for notes with substantially identical terms, except that the new notes would be registered with the SEC under the Securities Act of 1933, as amended, and therefore be free of any transfer restrictions and (ii) register for resale the Senior Secured 11% Notes held by the parties to the agreement related to those notes. The registration rights agreements required registration statements for the exchange or resale, as applicable, to be effective with the SEC by May 3, 2011. The registration statement became effective on September 13, 2011. Interest and penalties for the delay in effectiveness were not material.

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

U.S. ABL Facility On June 2, 2011, we amended our U.S. ABL Facility to, among other things, (i) increase the size of the facility to $2 billion; (ii) extend the maturity date to June 2016; (iii) reduce the applicable margin and commitment fee; and (iv) amend certain covenants and conditions in order to provide additional flexibility. We paid fees of $15 million in connection with this amendment.

At September 30, 2011 and December 31, 2010, there were no borrowings outstanding under the U.S. ABL facility and outstanding letters of credit totaled $262 million and $370 million, respectively. Pursuant to the U.S. ABL facility, Lyondell Chemical could, subject to a borrowing base, borrow up to $1,738 million at September 30, 2011. Advances under this facility are available to Lyondell Chemical and certain of its wholly owned subsidiaries, Equistar Chemicals LP (Equistar), Houston Refining LP, and LyondellBasell Acetyls LLC.

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Other In the nine months ended September 30, 2011, amortization of debt premiums and debt issuance costs resulted in amortization expense of $28 million that was included in interest expense in the Consolidated Statements of Income. In the five months ended September 30, 2010, amortization expense was $15 million.

At September 30, 2011 and 2010, our weighted average interest rates on outstanding short-term debt were 3.8% and 3.8%, respectively.

10. Financial Instruments and Derivatives

Cash Concentration Our cash equivalents are placed in high-quality commercial paper, money market funds and time deposits with major international banks and financial institutions.

Market Risks We are exposed to market risks, such as changes in commodity pricing, currency exchange rates and interest rates. To manage the volatility related to these exposures, we selectively enter into derivative transactions pursuant to our policies. Designation of the derivatives as fair-value or cash-flow hedges is performed on a specific exposure basis. Hedge accounting may or may not be elected with respect to certain short-term exposures. The changes in fair value of these hedging instruments are offset in part or in whole by corresponding changes in the fair value or cash flows of the underlying exposures being hedged.

Commodity Prices We are exposed to commodity price volatility related to anticipated purchases of natural gas, crude oil and other raw materials and sales of our products. We selectively use 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 may be elected for these derivative transactions. In cases, when the duration of a derivative is short, hedge accounting generally would not be 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), to the extent that the hedge remains effective, until the underlying transaction is recognized in earnings.

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The following table summarizes the pretax effect of settled commodity futures contracts charged directly to income:

	Settled Commodity Contracts Nine Months Ended September 30, 2011		
Millions of dollars	**Gain (Loss) Recognized in Income**	**Volumes Settled**	**Volume Unit**
Successor			
Futures:			
Gasoline sales	$ 4	403	million gallons
Heating oil sales	6	450	million gallons
Crude oil	(4)	5	million barrels
	$ 6		

	May 1 through September 30, 2010		
	Gain (Loss) Recognized in Income	**Volumes Settled**	**Volume Unit**
Futures:			
Gasoline sales	$ (1)	236	million gallons
Heating oil sales	1	172	million gallons
Crude oil	(4)	3	million barrels
	$ (4)		

	January 1 through April 30, 2010		
Predecessor	**Gain (Loss) Recognized in Income**	**Volumes Settled**	**Volume Unit**
Futures:			
Gasoline sales	$ (4)	243	

			million gallons
Heating oil sales	2	126	million gallons
Crude oil purchases	10	3	million barrels
	$ 8		

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The estimated fair value and notional amounts of our open commodity futures contracts are shown in the table below:

	Open Commodity Contracts September 30, 2011				
		Notional Amounts			
Millions of dollars	**Fair Value**	**Value**	**Volumes**	**Volume Unit**	**Maturity Dates**
Futures:					
Gasoline sales	$ 46	$ 278	111	million gallons	October 2011 February 2012
Heating oil sales	(3)	76	27	million gallons	November 2011
Butane purchases	(10)	184	101	million gallons	October 2011 February 2012
Crude oil		90	1	million barrels	December 2011 January 2012
	$ 33	$ 628			

	December 31, 2010				
		Notional Amounts			
	Fair Value	**Value**	**Volumes**	**Volume Unit**	**Maturity Dates**
Futures:					
Gasoline sales	$	$ 16	7	million gallons	February 2011
Heating oil sales	(1)	54	21	million gallons	February 2011
	$ (1)	$ 70			

Foreign Currency Rates We have significant operations in several countries of which functional currencies are primarily the U.S. dollar for U.S. operations and the Euro for operations in Europe. We enter into transactions denominated in other than our functional currency and the functional currencies of our subsidiaries and are, therefore, exposed to foreign currency risk on receivables and payables. We maintain 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 our earnings. We enter into foreign currency spot, forward and swap contracts to reduce the effects of our net currency exchange exposures. At September 30, 2011, foreign currency spot, forward and swap contracts in the notional amount of $208 million, maturing in October 2011, were outstanding. The fair values, based on quoted market exchange rates, resulted in a net receivable of $2 million at September 30, 2011 and a net payable of $1 million at December 31, 2010.

For forward and swap contracts that economically hedge recognized monetary assets and liabilities in foreign currencies, no hedge accounting is applied. Changes in the fair value of foreign currency forward and swap contracts are reported in the Consolidated Statements of Income and offset the currency exchange results recognized on the assets and liabilities.

Foreign Currency Gain (Loss) Other income, net, in the Consolidated Statements of Income reflected losses of $17 million and $11 million for the three and nine months ended September 30, 2011; a loss of $18 million and a gain of $22 million in the three and five months ended September 30, 2010, respectively; and a loss of $258 million in the four months ended April 30, 2010.

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Interest Rates Pursuant to the provisions of the Plan of Reorganization, the $201 million liability associated with interest rate swaps designated as cash flow hedges in the notional amount of $2,350 million were discharged on April 30, 2010. The Company discontinued accounting for the interest rate swap as a hedge and, in April 2010, $153 million of unamortized loss was released from accumulated other comprehensive income and recognized in earnings.

Warrants As of September 30, 2011, we have warrants outstanding for the purchase of 865,994 ordinary shares at an exercise price of $15.90 per ordinary share. As of December 31, 2010 we had 11,508,104 warrants outstanding. The warrants have anti-dilution protection for in-kind stock dividends, stock splits, stock combinations and similar transactions and may be exercised at any time during the period from April 30, 2010 to the close of business on April 30, 2017. Upon an affiliate change of control, the holders of the warrants may put the warrants to LyondellBasell N.V., which would require cash settlement at a price equal to, as applicable, the in-the-money value of the warrants or the Black-Scholes-Merton value of the warrants. The warrants are classified as a liability and are recorded at fair value at the end of each reporting period.

During the second and third quarters of 2011, the Company s warrants were thinly traded and as such the Company concluded that the market price alone could not be relied upon to substantiate fair value. Therefore, we also used the Black-Scholes-Merton option pricing model, incorporating management adjusted observable inputs to determine the estimated fair value of each warrant. The current market price at September 30, 2011 and the price calculated using the Black-Scholes-Merton model were not materially different. As a result, we concluded that the use of the quoted market price to determine the fair value is an appropriate measure, but we have now classified them as level 2 in the valuation hierarchy. The fair values of the warrants were determined to be $13 million and $215 million at September 30, 2011 and December 31, 2010, respectively.

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The following table summarizes derivative financial instruments outstanding as of September 30, 2011 and December 31, 2010 that are measured at fair value on a recurring basis, the balance sheet classifications of the fair value adjustments and the bases used to determine their fair value in the consolidated balance sheets.

Millions of dollars	Balance Sheet Classification	Notional Amount	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2011:						
Assets at fair value:						
Derivatives:						
Commodities	Prepaid expenses and other current assets	$ 251	$ 46	$	$ 46	$
Foreign currency	Prepaid expenses and other current assets	$ 208	2		2	
		$ 459	$ 48	$	$ 48	$
Liabilities at fair value:						
Derivatives:						
Commodities	Accrued liabilities	$ 377	$ 13	$	$ 13	$
Warrants	Accrued liabilities	14	13		13	
		$ 391	$ 26	$	$ 26	$
December 31, 2010:						
Liabilities at fair value:						
Derivatives:						
Gasoline and heating oil	Accrued liabilities	$ 70	$ 1	$	$ 1	$

Warrants	Accrued liabilities	183	215	215		
Foreign currency	Accrued liabilities	93	1		1	
		$ 346	$ 217	$ 215	$ 2	$

The fair value of all non-derivative financial instruments included in current assets, including cash and cash equivalents, restricted cash and accounts receivable, and accounts payable, approximated the applicable carrying value due to the short maturity of those instruments.

There were no financial instruments measured on a recurring basis using Level 3 inputs during the nine months ended September 30, 2011, the five months ended September 30, 2010 and the four months ended April 30, 2010.

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The following table summarizes the pretax effect of derivative instruments charged directly to income:

	Effect of Financial Instruments Three Months Ended September 30, 2011			
Successor	**Gain (Loss) Recognized in**	**Gain (Loss) Reclassified from AOCI**	**Additional Gain (Loss) Recognized**	**Income Statement**
Millions of dollars	**AOCI**	**to Income**	**in Income**	**Classification**
Derivatives not designated as hedges:				
Warrants	$	$	$ 22	Other income (expense), net
Commodities			30	Cost of sales
Foreign currency			(1)	Other income (expense), net
	$	$	$ 51	

	Three Months Ended September 30, 2010			
Predecessor	**Gain (Loss) Recognized in**	**Gain (Loss) Reclassified from AOCI to**	**Additional Gain (Loss) Recognized**	**Income Statement**
Millions of dollars	**AOCI**	**Income**	**in Income**	**Classification**
Derivatives not designated as hedges:				
Warrants	$	$	$ (76)	Other income (expense), net
Commodities			1	Cost of sales
Foreign currency			(1)	Other income (expense), net
	$	$	$ (76)	

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	Effect of Financial Instruments Nine Months Ended September 30, 2011					
Successor Millions of dollars	Gain (Loss) Recognized in AOCI	Gain (Loss) Reclassified from AOCI to Income	Additional Gain (Loss) Recognized in Income		Income Statement Classification
Derivatives not designated as hedges:					
Warrants	$	$	$	(31)	Other income (expense), net
Commodities				39	Cost of sales
Foreign currency				(2)	Other income (expense), net
	$	$	$	6	

	May 1 through September 30, 2010				
Millions of dollars	Gain (Loss) Recognized in AOCI	Gain (Loss) Reclassified from AOCI to Income	Additional Gain (Loss) Recognized in Income		Income Statement Classification
Derivatives not designated as hedges:					
Warrants				(59)	Other income (expense), net
Commodities				(4)	Cost of sales
Foreign currency				(1)	Other income (expense), net
	$	$	$	(64)	

	January 1 through April 30, 2010			
Predecessor	Gain (Loss) Recognized	Gain (Loss) Reclassified	Additional Gain (Loss) Recognized	Income Statement

Millions of dollars	**in AOCI**	**from AOCI to Income**	**in Income**	**Classification**
Derivatives designated as cash-flow hedges:				
Interest rate	$	$ (17)	$	Interest expense
Derivatives not designated as hedges:				
Commodities			6	Cost of sales
Foreign currency			8	Other income (expense), net
			14	
	$	$ (17)	$ 14	

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The carrying value and the estimated fair value of our non-derivative financial instruments are shown in the table below:

	September 30, 2011		December 31, 2010	
Millions of dollars	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Short and long-term debt, including current maturities	$ 5,830	$ 6,228	$ 6,079	$ 6,819

The following table summarizes the bases used to measure certain liabilities at fair value which are recorded at historical cost or amortized cost, in the Consolidated Balance Sheet:

			Fair Value Measurement		
Millions of dollars	**Carrying Value September 30, 2011**	**Fair Value September 30, 2011**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Short term and long-term debt, including current maturities	$ 5,830	$ 6,228	$	$ 6,186	$ 42

The following table is a reconciliation of the beginning and ending balances of Level 1 and Level 2 inputs for financial instruments measured at fair value on a recurring basis:

Millions of dollars	**Fair Value Measurement Using Quoted prices in active markets for identical assets (Level 1)**	**Fair Value Measurement Using Significant Other Observable Inputs (Level 2)**
Balance at January 1, 2011	$ 215	$
Purchases, sales, issuances, and settlements	(49)	(184)
Transfers in and/or out of Levels 1 and 2	(225)	225
Total gains or losses (realized/unrealized)	59	(28)
Balance at September 30, 2011	$	$ 13

For liabilities classified as Level 1, the fair value is measured using quoted prices in active markets. The total fair value is either the price of the most recent trade at the time of the market close or the official close price, as defined by the exchange on which the asset is most actively traded on the last trading day of the period, multiplied by the number of units held without consideration of transaction costs. For liabilities classified as Level 2, fair value is based on the price a market participant would pay for the security, adjusted for the terms specific to that asset and

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liability. Broker quotes were obtained from well established and recognized vendors of market data for debt valuations. The inputs for liabilities classified as Level 3 reflect our assessment of the assumptions that a market participant would use in determining the price of the asset or liability, including our liquidity risk at September 30, 2011.

The fair values of Level 3 instruments are determined using pricing data similar to that used in Level 2 financial instruments described above, and reflect adjustments for less liquid markets or longer contractual terms. For these Level 3 financial instruments, pricing data obtained from third party pricing sources is adjusted for the liquidity of the underlying over the contractual terms to develop an estimated price that market participants would use. Our valuation of these instruments considers specific contractual terms, present value concepts and other internal assumptions related to (i) contract maturities that extend beyond the periods in which quoted market prices are available; (ii) the uniqueness of the contract terms; and (iii) our creditworthiness or that of our counterparties (adjusted for collateral related to our asset positions). Based on our calculations, we expect that a significant portion of other debts will react in a generally proportionate manner to changes in the benchmark interest rate. Accordingly, these financial instruments are fair valued at par and are classified as Level 3.

11. Pension and Other Post-retirement Benefits

Net periodic pension benefits included the following cost components:

	U.S. Plans				
	Successor				Predecessor
	Three Months Ended		Nine Months Ended	May 1 through	January 1 through
Millions of dollars	**September 30, 2011**	**September 30, 2010**	**September 30, 2011**	**September 30, 2010**	**April 30, 2010**
Service cost	$ 10	$ 11	$ 30	$ 18	$ 15
Interest cost	23	23	68	39	31
Expected return on plan assets	(27)	(22)	(79)	(37)	(31)
Amortization					3
Net periodic benefit costs	$ 6	$ 12	$ 19	$ 20	$ 18

	Non-U.S. Plans				
	Successor				Predecessor
	Three Months Ended		Nine Months Ended	May 1 through	January 1 through
Millions of dollars	**September 30, 2011**	**September 30, 2010**	**September 30, 2011**	**September 30, 2010**	**April 30, 2010**
Service cost	$ 9	$ 8	$ 30	$ 12	$ 9
Interest cost	13	13	42	22	17
Expected return on plan assets	(8)	(8)	(31)	(13)	(10)
Settlement and curtailment loss	(2)		4		
Amortization	1		3		1

Net periodic benefit costs	$ 13	$ 13	$ 48	$ 21	$ 17

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Net periodic other post-retirement benefits included the following cost components:

	U.S. Plans				
	Successor				Predecessor
	Three Months Ended		Nine Months Ended	May 1 through	January 1 through
Millions of dollars	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010	April 30, 2010
Service cost	$ 1	$ 1	$ 6	$ 2	$ 2
Interest cost	4	4	12	7	5
Amortization					(3)
Net periodic benefit costs	$ 5	$ 5	$ 18	$ 9	$ 4

	Non-U.S. Plans				
	Successor				Predecessor
	Three Months Ended		Nine Months Ended	May 1 through	January 1 through
Millions of dollars	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010	April 30, 2010
Service cost	$ 2	$	$ 7	$	$
Interest cost		1		1	1
Net periodic benefit costs	$ 2	$ 1	$ 7	$ 1	$ 1

The Company contributed $222 million to its pension plans during the nine months ended September 30, 2011, which consisted of $219 million and $3 million to its U.S. and non-U.S. pension plans, respectively. The Company expects to make additional voluntary contributions of $250 million to its pension plans in the fourth quarter of 2011.

Employees in the U.S. are eligible to participate in defined contribution plans (Employee Savings Plans) by contributing a portion of their compensation. We match a part of the employees contribution.

12. Income Taxes

Our effective income tax rates for the third quarter and first nine months of 2011 were 35.3% and 32.6%, respectively, resulting in tax expense of $489 million on pretax income of $1,384 million for the third quarter 2011 and tax expense of $1,140 million on pretax income of $3,498 million for the first nine months of 2011. The effective income tax rate for the third quarter 2011 was higher than the year to date effective income tax rate due to a shift of income to higher tax jurisdictions coupled with non-U.S. tax law changes resulting in a lower benefit from the release of valuation allowances. The 2011 effective income tax rate was lower than the U.S. statutory 35% rate primarily due to the effect of pretax income in countries with lower statutory tax rates and favorable permanent deductions related to notional royalties, equity earnings, and release of valuation allowances which were partially offset by non-deductible expenses related to stock warrants. In the five month Successor period ended September 30, 2010, we recorded a tax provision of $282 million, representing an effective tax rate of 25.7% on pre-tax income of $1,096 million. In the four months ended April 30, 2010, the Predecessor recorded a tax benefit of $1,315 million, representing a negative effective tax rate of 18.3% on pre-tax income of $7,189 million. The provision for the 2010 Successor period differs from the U.S. statutory rate of 35% primarily due to the fact that in several countries the Company generated either income with no tax expense or losses where we recorded no tax benefit due to valuation allowances on our deferred tax assets in those countries.

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13. Commitments and Contingencies

Commitments We have various purchase commitments for materials, supplies and services resulting from the ordinary course of business. These commitments, which are at prevailing market prices, are generally for quantities required for the operation of our businesses and are designed to assure sources of supply not expected to be in excess of normal requirements. Our capital expenditure commitments at September 30, 2011 were in the normal course of business.

Financial Assurance Instruments We have obtained letters of credit, performance and surety bonds and have issued financial and performance guarantees to support trade payables, potential liabilities and other obligations. Considering the frequency of claims made against the financial instruments we use to support our obligations, and the magnitude of those financial instruments in light of our current financial position, management does not expect that any claims against or draws on these instruments would have a material adverse effect on our consolidated financial statements. We have not experienced any unmanageable difficulty in obtaining the required financial assurance instruments for our current operations.

Environmental Remediation Our accrued liability for future environmental remediation costs at current and former plant sites and other remediation sites totaled $121 million and $107 million as of September 30, 2011 and December 31, 2010, respectively. At September 30, 2011, the accrued liabilities for individual sites range from less than $1 million to $23 million. The remediation expenditures are expected to occur over a number of years, and not to be concentrated in any single year. In our opinion, it is reasonably possible that losses in excess of the liabilities recorded may have been incurred. However, we cannot estimate any amount or range of such possible additional losses. New information about sites, new technology or future developments such as involvement in investigations by regulatory agencies, could require us to reassess our potential exposure related to environmental matters.

The following table summarizes the activity in the Company s accrued environmental liability included in Accrued liabilities and Other liabilities :

	Successor		Predecessor
Millions of dollars	**Nine Months Ended September 30, 2011**	**May 1 through September 30, 2010**	**January 1 through April 30, 2010**
Balance at beginning of period	$ 107	$ 93	$ 89
Additional provisions	20	3	11
Amounts paid	(6)	(2)	(2)
Foreign exchange effects		1	(5)
Balance at end of period	$ 121	$ 95	$ 93

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Litigation and Other Matters

BASF Lawsuit

On April 12, 2005, BASF Corporation (BASF) filed a lawsuit against Lyondell Chemical in the Superior Court of New Jersey, Morris County, asserting various claims relating to alleged breaches of a propylene oxide toll manufacturing contract and seeking damages in excess of $100 million. Lyondell Chemical denied breaching the contract and argued that at most it owed BASF $22.5 million, which it has paid. On August 13, 2007, a jury returned a verdict in favor of BASF in the amount of approximately $170 million (inclusive of the $22.5 million refund). On October 3, 2007, the judge in the state court case determined that prejudgment interest on the verdict amounted to $36 million and issued a final judgment. Lyondell Chemical appealed the judgment and has posted an appeal bond, which is collateralized by a $200 million letter of credit.

On April 21, 2010, oral arguments in the appeal were held before the Appellate Division and, on December 28, 2010, the judgment was reversed and the case was remanded for a new trial, which will be in New Jersey state court. Based on the remaining legal and fact issues to be decided, management has estimated the reasonably possible range of loss, excluding interest, to be between zero and $135 million.

Access Indemnity Demand

On December 20, 2010, one of our subsidiaries received demand letters from affiliates of Access Industries, (collectively, Access) a more than five percent shareholder of the Company. We conducted an initial investigation of the facts underlying the demand letters and engaged in discussions with Access. We requested that Access withdraw its demands with prejudice and, and on January 17, 2011, Access declined to withdraw the demands, with or without prejudice.

Specifically, Access affiliates Nell Limited (Nell) and BI S.á.r.l. (BI) have demanded that LyondellBasell Industries Holdings B.V., a wholly owned subsidiary of the Company (LBIH), indemnify them and their shareholders, members, affiliates, officers, directors, employees and other related parties for all losses, including attorney s fees and expenses, arising out of a pending lawsuit styled *Edward S. Weisfelner, as Litigation Trustee of the LB Litigation Trust v. Leonard Blavatnik, et al.,* Adversary Proceeding No. 09-1375 (REG), in the United States Bankruptcy Court, Southern District of New York.

In the *Weisfelner* lawsuit, the plaintiffs seek to recover damages from numerous parties, including Nell, Access and their affiliates. The damages sought from Nell, Access and their affiliates include, among other things, the return of all amounts earned by them related to their acquisition of shares of Lyondell Chemical prior to its acquisition by Basell AF S.C.A. in December 2007, distributions by Basell AF S.C.A. to its shareholders before it acquired Lyondell Chemical, and management and transaction fees and expenses. The trial that was scheduled for October 2011 has been postponed until some time in early 2012.

Nell and BI have also demanded that LBIH pay $50 million in management fees for 2009 and 2010 and that LBIH pay other unspecified amounts relating to advice purportedly given, prior to the Predecessor company s Chapter 11 filing, in connection with financing and other strategic transactions.

Nell and BI assert that LBIH s responsibility for indemnity and the claimed fees and expenses arise out of a management agreement entered into on December 11, 2007, between Nell and Basell AF S.C.A. They assert that LBIH, as a former subsidiary of Basell AF S.C.A., is jointly and severally liable for Basell AF S.C.A. s obligations under the agreement, notwithstanding that LBIH was not a signatory to the agreement and the liabilities of Basell AF S.C.A., which was a signatory, were discharged in the LyondellBasell bankruptcy proceedings.

LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On June 26, 2009, Nell filed a proof of claim in Bankruptcy Court against LyondellBasell AF (successor to Basell AF S.C.A.) seeking no less than $723 thousand for amounts allegedly owed under the 2007 management agreement. On April 27, 2011, Lyondell Chemical filed an objection to Nell s claim and, together with LyondellBasell N.V. (successor to LyondellBasell AF) and LBIH, brought a declaratory judgment action in the Bankruptcy Court for a determination that Nell and BI s demands are not valid. By a Joint Stipulated Order dated June 13, 2011, the declaratory judgment action is stayed pending the outcome of the *Weisfelner* lawsuit.

We do not believe that the management agreement is in effect or that the Company, LBIH, or any other Company-affiliated entity owes any obligations under the management agreement. We intend to defend vigorously any proceedings, claims or demands that may be asserted.

We cannot at this time estimate the reasonably possible loss or range of loss that Nell, Access, or their affiliates may incur as a result of the lawsuit, and therefore we cannot at this time estimate the reasonably possible loss or range of loss that Nell, Access, or their affiliates may seek from LBIH by way of indemnity.

Indemnification We are party to various indemnification arrangements, including arrangements entered into in connection with acquisitions, divestitures and the formation of joint ventures. Pursuant to these arrangements, we 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, 2011, we had not accrued any significant amounts for our indemnification obligations, and we are not aware of other circumstances that would likely lead to significant future indemnification obligations. We cannot determine the potential amount of future payments under the indemnification arrangements until events arise that would trigger a liability under the arrangements.

In addition, certain third parties entered into agreements with the Predecessor, LyondellBasell AF, to indemnify LyondellBasell AF for a significant portion of the potential obligations that could arise with respect to costs relating to contamination at various sites in Europe. These indemnity obligations are currently in dispute. We recognized a pretax charge of $64 million as a change in estimate in the third quarter 2010 related to the dispute, which arose during that period.

As part of our technology licensing contracts, we give indemnifications to our licensees for liabilities arising from possible patent infringement claims with respect to proprietary licensed technology. Such indemnifications have a stated maximum amount and generally cover a period of five to ten years.

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

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

LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

voluntary disclosure of these matters to the U.S. Treasury Department and cooperated fully with that agency. On October 4, 2011, we received notification from the U.S. Treasury Department stating that it had decided to address this matter by issuing a cautionary letter instead of pursuing a civil penalty. The cautionary letter further stated it represents a final enforcement response and we therefore consider the matters voluntarily disclosed to be closed. In addition, we have made the decision to cease all business with the government, entities and individuals in Iran, Syria and Sudan. We have notified our counterparties in these countries of our decision and may be subject to legal actions to enforce agreements with the counterparties. These business activities present a potential risk that could subject the Company to civil and criminal penalties as well as private legal proceedings that could be material to us. We cannot predict the ultimate outcome of this matter at this time because our investigations and withdrawal activities are ongoing.

We and our 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, we do 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 N.V.

The offering to sell our Berre refinery in France, which commenced in May 2011, did not result in any offer to purchase. As a result, in September 2011, we announced our intention to initiate consultations with works councils regarding a contemplated closure of the refinery, which would affect approximately 370 employees. Any cessation of operations is subject to completion of the consultations, which includes discussion on termination and severance costs, costs associated with the provision of job outplacement assistance and other employee benefit related costs. Because the consultations have not yet begun, we are not in a position to estimate the amount or range of amounts expected to be incurred in connection with this potential cessation or the amount or range of amounts of any potential charges or related cash outlays, although such costs could be material to the Company s results of operations in any quarter or annual period in which they are recognized.

General In our opinion, the matters discussed in this note are not expected to have a material adverse effect on the financial position or liquidity of LyondellBasell N.V. However, the adverse resolution in any reporting period of one or more of these matters could have a material impact on our 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.

14. Stockholders Equity and Non-Controlling Interests

Dividend distribution On May 5, 2011, shareholders approved the payment of a dividend of $0.10 per ordinary share at the Annual General Meeting of Shareholders in Rotterdam, Netherlands. The dividend, totaling $57 million, was paid May 26, 2011 to shareholders of record on May 5, 2011. On August 3, 2011, the Management Board of the Company recommended the payment of a dividend of $0.20 per share. The Supervisory Board authorized and directed the Management Board to take action necessary to pay the dividend and the Management Board adopted a resolution declaring a dividend of $0.20 per share to shareholders of record as of August 17, 2011, which was paid on September 7, 2011 for an aggregate of $114 million.

We are currently subject to restrictive covenants that limit our ability to pay cumulative dividends to the sum of a) the greater of (i) $50 million per year and (ii) in general, 50 percent of net income for the period from March 31, 2012 until the end of the most recently completed fiscal quarter for which financial statements are available, plus b) dividends not to exceed the greater of (i) $350 million and (ii) 1.75% of consolidated tangible assets at the time the dividend is paid.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Ordinary shares The changes in the outstanding amounts of ordinary shares issued and treasury shares were as follows:

Ordinary shares issued:	
Balance at January 1, 2011	565,676,222
Share-based compensation	401,479
Warrants exercised	7,179,416
Balance at September 30, 2011	573,257,117

Ordinary shares held as treasury shares:	
Balance at January 1, 2011	1,122,651
Warrants exercised	3,462,693
Share-based compensation	(400,934)
Balance at September 30, 2011	4,184,410

Non-controlling Interests Losses attributable to non-controlling interests consisted of the following components:

	Successor		Predecessor
Millions of dollars	**Nine Months Ended September 30, 2011**	**May 1 through September 30, 2010**	**January 1 through April 30, 2010**
Non-controlling interests comprehensive income (loss):			
Net income (loss) attributable to non-controlling interests	$ (4)	$ 7	$ (53)
Fixed operating fees paid to Lyondell Chemical by the PO/SM II partners		(9)	(7)
Comprehensive loss attributable to non-controlling interests	$ (4)	$ (2)	$ (60)

15. Per Share Data

Basic earnings per share for the periods subsequent to April 30, 2010 are based upon the weighted average number of shares of common stock outstanding during the periods. Diluted earnings per share includes the effect of certain stock options. The Company has unvested restricted stock and restricted stock units that are considered participating securities for earnings per share. The outstanding warrants were anti-dilutive for the nine months ended September 30, 2011.

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LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Earnings per share data and dividends declared per share of common stock were as follows:

Millions of dollars	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	May 1 through September 30, 2010
Basic:				
Net income	$ 895	$ 467	$ 2,358	$ 814
Less: net loss attributable to non-controlling interests		7	4	2
Net income attributable to LyondellBasell N.V.	895	474	2,362	816
Net income attributable to participating securities	(5)	(2)	(14)	(4)
Net income attributable to common stockholders	$ 890	$ 472	$ 2,348	$ 812
Diluted:				
Net income	$ 895	$ 467	$ 2,358	$ 814
Less: net loss attributable to non-controlling interests		7	4	2
Net income attributable to LyondellBasell N.V.	895	474	2,362	816
Net income attributable to participating securities	(5)	(2)	(14)	(4)
Effect of dilutive securities warrants	(22)			
Net income attributable to common stockholders	$ 868	$ 472	$ 2,348	$ 812
Millions of shares				
Basic weighted average common stock outstanding	570	564	567	564
Effect of dilutive securities:				
Warrants	2			
Stock options	3		3	
Dilutive potential shares	575	564	570	564
Earnings per share:				
Basic	$ 1.56	$ 0.84	$ 4.14	$ 1.45

Diluted	$ 1.51	$ 0.84	$ 4.12	$ 1.45
Anti-dilutive stock options, restricted stock, restricted stock units and warrants in millions		20.2	0.9	20.2
Dividends declared per share of common stock	$ 0.20	$	$ 0.30	$

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Segment and Related Information

We operate in five segments:

Olefins and Polyolefins Americas, primarily manufacturing and marketing of olefins, including ethylene and its co-products, primarily propylene, butadiene, and aromatics, which include benzene and toluene, as well as ethanol; and polyolefins, including polyethylene, comprising high density polyethylene (HDPE), low density polyethylene (LDPE) and linear low density polyethylene (LLDPE), and polypropylene; and *Catalloy* process resins;

Olefins and Polyolefins Europe, Asia, International (O&P EAI), primarily manufacturing and marketing of olefins, including ethylene and its co-products, primarily propylene and butadiene; polyolefins, including polyethylene, comprising HDPE, LDPE, and polypropylene; polypropylene-based compounds, materials and alloys (PP Compounds), *Catalloy* process resins and polybutene-1 polymers;

Intermediates and Derivatives (I&D), primarily manufacturing and marketing of propylene oxide (PO); PO co-products, including styrene and the TBA intermediates tertiary butyl alcohol (TBA), isobutylene and tertiary butyl hydroperoxide; PO derivatives, including propylene glycol, propylene glycol ethers and butanediol; ethylene derivatives, including ethylene glycol, ethylene oxide (EO), and other EO derivatives; acetyls, including vinyl acetate monomer, acetic acid and methanol;

Refining and Oxyfuels, primarily manufacturing and marketing of refined petroleum products, including gasoline, ultra-low sulfur diesel, jet fuel, lubricants (lube oils), alkylate, and oxygenated fuels, or oxyfuels, such as methyl tertiary butyl ether (MTBE) and ethyl tertiary butyl ether (ETBE); and

Technology, primarily licensing of polyolefin process technologies and supply of polyolefin catalysts and advanced catalysts.

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LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Millions of dollars Three Months Ended September 30, 2011	Successor: Olefins and Polyolefins Americas	Olefins and Polyolefins Europe, Asia & International	Intermediates & Derivatives	Refining and Oxyfuels	Technology	Other	Total
Sales and other operating revenues:							
Customers	$ 2,727	$ 3,825	$ 1,604	$ 5,035	$ 78	$ 28	$ 13,297
Intersegment	1,148	93	13	834	51	(2,139)	
	3,875	3,918	1,617	5,869	129	(2,111)	13,297
Operating income	599	144	259	454	7	4	1,467
Income from equity investments	7	38	7				52

Millions of dollars Three Months Ended September 30, 2010	Successor: Olefins and Polyolefins Americas	Olefins and Polyolefins Europe, Asia & International	Intermediates & Derivatives	Refining and Oxyfuels	Technology	Other	Total
Sales and other operating revenues:							
Customers	$ 2,223	$ 3,148	$ 1,367	$ 3,448	$ 131	$ (15)	$ 10,302
Intersegment	1,024	99	86	419	26	(1,654)	
	3,247	3,247	1,453	3,867	157	(1,669)	10,302
Operating income (loss)	448	231	207	83	38	(19)	988
Income from equity investments	6	20	3				29

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LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Millions of dollars Nine Months Ended September 30, 2011	Successor						
	Olefins and Polyolefins Americas	Olefins and Polyolefins Europe, Asia & International	Intermediates & Derivatives	Refining and Oxyfuels	Technology	Other	Total
Sales and other operating revenues:							
Customers	$ 7,987	$ 11,794	$ 5,044	$ 14,430	$ 290	$ 46	$ 39,591
Intersegment	3,470	332	42	1,992	104	(5,940)	
	11,457	12,126	5,086	16,422	394	(5,894)	39,591
Operating income	1,529	530	728	914	96		3,797
Income from equity investments	18	150	15				183

Millions of dollars May 1 through September 30, 2010	Successor						
	Olefins and Polyolefins Americas	Olefins and Polyolefins Europe, Asia & International	Intermediates & Derivatives	Refining and Oxyfuels	Technology	Other	Total
Sales and other operating revenues:							
Customers	$ 3,723	$ 5,246	$ 2,307	$ 5,626	$ 183	$ (11)	$ 17,074
Intersegment	1,528	141	86	644	49	(2,448)	
	5,251	5,387	2,393	6,270	232	(2,459)	17,074
Operating income (loss)	597	345	316	97	61	(6)	1,410
Income from equity investments	9	45	2				56

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Predecessor						
Millions of dollars January 1 through April 30, 2010	**Olefins and Polyolefins Americas**	**Olefins and Polyolefins Europe, Asia & International**	**Intermediates & Derivatives**	**Refining and Oxyfuels**	**Technology**	**Other**	**Total**
Sales and other operating revenues:							
Customers	$ 3,220	$ 4,018	$ 1,820	$ 4,293	$ 104	$ 12	$ 13,467
Intersegment	963	87		455	41	(1,546)	
	4,183	4,105	1,820	4,748	145	(1,534)	13,467
Segment operating income (loss)	320	115	157	(99)	39	(41)	491
Current cost adjustment							199
Operating income							690
Income (loss) from equity investments	5	80	(1)				84

Sales and other operating revenues and operating income (loss) in the Other column above include elimination of intersegment transactions.

17. Emergence from Chapter 11 Proceedings

On April 23, 2010, the U.S. Bankruptcy Court confirmed LyondellBasell AF s Third Amended and Restated Plan of Reorganization and the Debtors emerged from chapter 11 protection on April 30, 2010. As of September 30, 2011, approximately $106 million of priority and administrative claims are accrued but have yet to be paid.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company s charges (credits) for reorganization items were as follows:

	Successor				Predecessor
	Three Months Ended		Nine Months Ended	May 1 through September 30,	January 1 through April 30,
Millions of dollars	**September 30, 2011**	**September 30, 2010**	**September 30, 2011**	**2010**	**2010**
Change in net assets resulting from the application of fresh-start accounting	$	$	$	$	$ 6,278
Gain on discharge of liabilities subject to compromise					(13,617)
Asset write-offs and rejected contracts					25
Estimated claims			24		(262)
Professional fees		12	5	16	172
Plant closures costs					12
Other		1	1	5	4
Total	$	$ 13	$ 30	$ 21	$ (7,388)

Estimated claims in the above table include adjustments made to reflect the Debtors estimated claims to be allowed.

18. Supplemental Guarantor Information

LyondellBasell N.V. has jointly and severally, and fully and unconditionally guaranteed the Senior Secured Notes issued by Lyondell Chemical. Subject to certain exceptions, each of our existing and future wholly owned U.S. restricted subsidiaries (other than Lyondell Chemical, as issuer), other than any such subsidiary that is a subsidiary of a non-U.S. subsidiary (the Subsidiary Guarantors and, together with LyondellBasell N.V., the Guarantors) has also guaranteed the Senior Secured Notes. Each Subsidiary Guarantor is 100% owned by LyondellBasell N.V.

There are no significant restrictions that would impede the Guarantors from obtaining funds by dividend or loan from their subsidiaries. Subsidiaries are generally prohibited from entering into arrangements that would limit their ability to make dividends to or enter into loans with the Guarantors.

As a result of these guarantee arrangements, we are required to present the following condensed consolidating financial information. In this note, LCC refers to Lyondell Chemical Company without its subsidiaries.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
CONDENSED CONSOLIDATING FINANCIAL INFORMATION
BALANCE SHEET
As of September 30, 2011

	Successor					
Millions of dollars	LyondellBasell N.V.	LCC	Guarantors	Non-Guarantors	Eliminations	Consolidated LyondellBasell N.V.
Cash and cash equivalents	$	$ 1	$ 2,845	$ 2,763	$	$ 5,609
Restricted cash			246	46		292
Accounts receivable		295	1,346	2,397		4,038
Accounts receivable affiliates	150	2,111	2,656	1,001	(5,918)	
Inventories		608	2,752	2,322		5,682
Notes receivable affiliates	121	8	606	3	(738)	
Other current assets	1	282	178	686	(50)	1,097
Property, plant and equipment, net		362	3,045	3,956		7,363
Investments in subsidiaries	14,329	13,746	3,891		(31,966)	
Other investments and long-term receivables				2,087		2,087
Notes receivable affiliates			535	500	(1,035)	
Other assets, net		503	1,111	751	(266)	2,099
Total assets	$ 14,601	$ 17,916	$ 19,211	$ 16,512	$ (39,973)	$ 28,267
Current maturities of long-term debt	$	$	$	$ 2	$	$ 2
Short-term debt			12	37		49
Notes payable affiliates	7	620	3	131	(761)	
Accounts payable	2	168	957	2,180		3,307
Accounts payable affiliates	17	3,436	1,822	620	(5,895)	
Other current liabilities	15	764	626	782	(367)	1,820
Long-term debt		5,477	3	302		5,782
Notes payable affiliates	535	3,189	9,257		(12,981)	
Other liabilities		274	672	1,075		2,021
Deferred income taxes			787	543	(126)	1,204
Company share of stockholders equity	14,025	3,988	5,072	10,783	(19,843)	14,025
Non-controlling interests				57		57
Total liabilities and stockholders equity	$ 14,601	$ 17,916	$ 19,211	$ 16,512	$ (39,973)	$ 28,267

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
CONDENSED CONSOLIDATING FINANCIAL INFORMATION
BALANCE SHEET
As of December 31, 2010

	Successor					
Millions of dollars	LyondellBasell N.V.	LCC	Guarantors	Non-Guarantors	Eliminations	Consolidated LyondellBasell N.V.
Cash and cash equivalents	$	$ 25	$ 2,086	$ 2,111	$	$ 4,222
Restricted cash				11		11
Accounts receivable		313	1,108	2,326		3,747
Accounts receivable affiliates	636	2,727	2,593	1,444	(7,400)	
Inventories		489	2,560	1,775		4,824
Notes receivable affiliates	98	444	59	110	(711)	
Other current assets		287	133	601	(46)	975
Property, plant and equipment, net		383	2,746	4,061		7,190
Investments in subsidiaries	12,070	10,489	5,122		(27,681)	
Other investments and long-term receivables		2	4	2,174	(75)	2,105
Notes receivable affiliates				500	(500)	
Other assets, net	13	1,054	1,170	688	(697)	2,228
Total assets	$ 12,817	$ 16,213	$ 17,581	$ 15,801	$ (37,110)	$ 25,302
Current maturities of long-term debt	$	$	$	$ 4	$	$ 4
Short-term debt			12	30		42
Notes payable affiliates	1	74	498	178	(751)	
Accounts payable		160	741	1,860		2,761
Accounts payable affiliates	530	4,363	1,504	950	(7,347)	
Other current liabilities	216	418	674	764	(48)	2,024
Long-term debt		5,722	3	311		6,036
Notes payable affiliates	535	3,672	9,124	1	(13,332)	
Other liabilities		413	699	1,071		2,183
Deferred income taxes			832	522	(698)	656
Company share of stockholders equity	11,535	1,391	3,494	10,049	(14,934)	11,535
Non-controlling interests				61		61
Total liabilities and stockholders equity	$ 12,817	$ 16,213	$ 17,581	$ 15,801	$ (37,110)	$ 25,302

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LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
CONDENSED CONSOLIDATING FINANCIAL INFORMATION
STATEMENT OF INCOME
Three Months Ended September 30, 2011

			Successor			
Millions of dollars	**LyondellBasell N.V.**	**LCC**	**Guarantors**	**Non-Guarantors**	**Eliminations**	**Consolidated LyondellBasell N.V.**
Sales and other operating revenues	$	$ 1,274	$ 7,506	$ 6,037	$ (1,520)	$ 13,297
Cost of sales		1,156	6,292	5,610	(1,520)	11,538
Selling, general and administrative expenses	3	89	27	120		239
Research and development expenses		5	5	43		53
Operating income	(3)	24	1,182	264		1,467
Interest income (expense), net	7	(200)	47	(1)	2	(145)
Other income (expense), net	27	46	3	(64)	(2)	10
Income (loss) from equity investments	860	748	(18)	52	(1,590)	52
Reorganization items			(1)	1		
(Provision for) benefit from income taxes	4	107	(455)	(145)		(489)
Net income (loss)	895	725	758	107	(1,590)	895
Less: net loss attributable to non-controlling interests						
Net income (loss) attributable to the Company	$ 895	$ 725	$ 758	$ 107	$ (1,590)	$ 895

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LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
CONDENSED CONSOLIDATING FINANCIAL INFORMATION
STATEMENT OF INCOME
Three Months Ended September 30, 2010

	Successor					
Millions of dollars	LyondellBasell N.V.	LCC	Guarantors	Non-Guarantors	Eliminations	Consolidated LyondellBasell N.V.
Sales and other operating revenues	$	$ 1,041	$ 5,185	$ 5,011	$ (935)	$ 10,302
Cost of sales	(7)	948	4,519	4,550	(935)	9,075
Selling, general and administrative expenses	4	33	55	112		204
Research and development expenses		4	6	25		35
Operating income	3	56	605	324		988
Interest income (expense), net	17	(181)	(9)	(13)		(186)
Other income (expense), net	(76)	9		10	(40)	(97)
Income from equity investments	508	384	37	28	(928)	29
Reorganization items		(8)	(5)			(13)
(Provision for) benefit from income taxes	19	143	(215)	(201)		(254)
Net income	471	403	413	148	(968)	467
Less: net loss attributable to non-controlling interests	3			4		7
Net income attributable to the Company	$ 474	$ 403	$ 413	$ 152	$ (968)	$ 474

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LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
CONDENSED CONSOLIDATING FINANCIAL INFORMATION
STATEMENT OF INCOME
Nine Months Ended September 30, 2011

	Successor					
Millions of dollars	**LyondellBasell N.V.**	**LCC**	**Guarantors**	**Non-Guarantors**	**Eliminations**	**Consolidated LyondellBasell N.V.**
Sales and other operating revenues	$	$ 3,712	$ 21,276	$ 18,335	$ (3,732)	$ 39,591
Cost of sales	2	3,405	18,377	16,903	(3,732)	34,955
Selling, general and administrative expenses	8	251	56	382		697
Research and development expenses		21	19	102		142
Operating income (loss)	(10)	35	2,824	948		3,797
Interest income (expense), net	22	(544)	55	(3)		