LyondellBasell Industries N.V.

Financial Report

For the Year Ended 31 December 2011

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1 Report of the Board of Management

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

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

We are the world's third largest independent chemical company based on revenues and an industry leader in many of our product lines. We participate globally across the petrochemical value chain with over 50 wholly-owned and joint venture facilities. Our chemicals businesses consist primarily of large processing plants that convert large volumes of liquid and gaseous hydrocarbon feedstock into plastic resins and other chemicals. Our chemical products tend to be basic building blocks for other chemicals and plastics while our plastic products are typically used in large volume applications. Our customers use our plastics and chemicals to manufacture a wide range of products that people use in their everyday lives including food packaging, home furnishings, automotive components, paints and coatings. Our Houston refinery processes crude oil into fuels such as gasoline, diesel and jet fuel.

Our financial performance has historically been closely related to the balance between the supply and demand for the products that we produce. Additional factors that influence our performance include feedstock supply, operational efficiency, costs and our differentiated assets and technology. During recent years the U.S. cost of natural gas derived raw materials versus the global cost of crude oil derived raw materials has had a significant influence on regional profitability. Our portfolio includes several differentiated technologies and assets including our propylene oxide technology, flexible feedstock olefins plants in the U.S., joint venture olefins and polyolefins plants with access to low-cost feedstock in Saudi Arabia, polypropylene technology and our Houston Refinery capable of processing heavy, high-sulfur crude. As a producer of large volume commodities we have a strong operational focus and continuously strive to differentiate ourselves through safe, reliable and low-cost operations in all our businesses.

1.1 About LyondellBasell

LyondellBasell Industries N.V. (the "Company") was incorporated under Dutch law by deed of incorporation dated 15 October 2009. The Company was formed to serve as the new parent holding company for certain subsidiaries of LyondellBasell AF S.C.A. ("LyondellBasell AF"). When we use the terms "we," "us," "our" or similar words in this discussion, unless the context otherwise requires, we are referring to LyondellBasell Industries N.V. and its consolidated subsidiaries. We also refer to the Company as "LyondellBasell N.V."

LyondellBasell Industries N.V. reports its results of operations based on five business segments through which its operations are managed:

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

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

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

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

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

Below, we provide an update on our business and strategy and a discussion of our key performance indicators, followed by an overview of the risk factors related to the Company, including those related to the business and industry in which we operate; our indebtedness; our shares; and certain tax matters.

1.2 Our Strategy

Our Company's goals are targeted at serving our customers, our employees, the environment, the communities in which we work, and our shareholders. Our primary strategy continues to be to improve our organization and maximize returns to shareholders by focusing on operational excellence, cost reductions, capital discipline, portfolio management, a performance driven culture and technology driven growth.

Our operational excellence programs include commitments to safety, environmental stewardship, and improved reliability. We believe optimal operations can be achieved through a systematic application of standards and improved maintenance procedures, which is also expected to result in improved personnel and process safety and environmental performance.

We continue to pursue cost reductions across our system. We believe that our worldwide manufacturing scale provides the opportunity to minimize costs per unit, a critical operational measure for petrochemical and refining companies. We will continue to focus on upgrading our customer and product mix to realize premium pricing. By leveraging our leading technological platform, worldwide presence, strong customer relationships and reliability and quality, we also intend to increase our sales of value-added, differentiated products.

Additionally, we remain focused on disciplined capital allocation. We intend to optimize our capital spending to address projects required to enhance reliability and maintain the overall asset portfolio. This includes key maintenance and repair activities ("turnarounds") in each segment, necessary regulatory and maintenance spending. We are also beginning to study improvement projects in key product lines, including high return debottlenecking and energy reduction projects.

We will also carefully manage our portfolio. We continuously evaluate our asset portfolio and may initiate further rationalization or investments and acquisitions depending on market conditions and opportunities.

We have established benchmarking, goal setting and results measurement processes for our entire organization. These processes are intended to instill a performance driven, accountability culture throughout the Company. We believe we have outstanding people and assets, and with our performance expectations, we are rapidly increasing our competitiveness.

Our strong, industry leading technologies provide us with a platform for future growth. We intend to continue to improve our operations in the mature, highly sophisticated markets in Europe and North America, and are seeking opportunities to grow in quickly developing markets like Asia and regions with access to low cost feedstocks.

1.3 Sustainability

Our approach to sustainability

The employees and management team of LyondellBasell N.V. are unwavering in our commitment to sustainable development. We define sustainability as the responsible and ethical use of resources to improve the quality of life in the world around us.

Through our stewardship of natural resources and a focus on technological advancements, we believe we can help improve the quality of life today and for future generations.

The specifics of sustainability

We manage resources and the impact of our operations to create products that contribute to sustainability.

As significant participants in the global economy, we are responsible to:

- Create value for our investors and customers
- Protect the well-being of our employees, contractors and the communities in which we work
- Manage product safety
- Protect the environment and preserve resources for future generations
- Supply products that enhance the quality of life worldwide

We are global citizens

We are committed to protecting the environment, human health and safety and the communities where we operate. In fact, we believe that we must go beyond protection and enhance those communities. We deliver on this commitment by:

- Conserving energy
- Minimizing our impact on the environment
- Delivering essential products to the healthcare market
- Producing the basic building blocks for products that enhance consumer safety, quality of life, convenience and energy conservation
- Volunteering in community service activities

We are dedicated to safety excellence. In 2011, LyondellBasell N.V. made substantial progress toward institutionalizing its safety principles. The Company's safety performance, measured by total recordable incident rate for employees and contractors was 0.35. The Company's contractors reduced the number of injuries by 30% over the previous year. We utilize the U.S. OSHA definition for injury rate which is the number of injuries recorded per 200,000 hours worked.

Our process safety is focused on the pro-active identification and management of hazards in our operations. It plays a significant role in our overall safety performance and in fulfilling our commitment to operate in a manner that protects our people, the environment and our business relationship with our customers.

Our Operational Excellence philosophy establishes uniform management system requirements for areas that have a direct impact on process safety. These include mechanical integrity and inspection programs, the management of change process, process hazard analysis programs, risk assessment proficiency, the incident investigation and reporting process, and the maintenance of process safety information. Other elements essential to a successful process safety program include communications and employee training.

LyondellBasell N.V. maintains a comprehensive Process Hazard Analysis ("PHA") and risk assessment program covering our manufacturing and research sites. The purpose of the PHA program is to identify hazards associated with chemical processes before the hazards manifest themselves and to implement recommendations to reduce the risk of the consequences of those hazards occurring. The PHA documentation is reviewed on a periodic basis to incorporate changes to the facilities and to include new information related to the manufacturing process.

Process safety is important at all stages of a manufacturing facility's life cycle, from conceptual design to initial equipment design, layout and construction, to the operation, inspection and maintenance of the equipment. As a result, proposed changes to manufacturing facilities undergo a process safety review to understand what new hazards might be introduced by the modifications and how those hazards will be managed.

Exemplary process safety performance is achieved by effective identification and mitigation of hazards, robust maintenance and inspection programs, effectively trained personnel and effective process communication with overall awareness of how individual actions can impact process safety. We also periodically audit these systems to ensure that they are effective and to support sustained performance and continuous improvement.

Our Product Stewardship efforts promote the safe and responsible use of our products. We strive to understand the safety, health and environmental issues associated with the manufacture, distribution and use of our products and we share that understanding with our business partners and other stakeholders.

We likewise are dedicated to minimizing our emissions and improving our energy efficiency. We are making the investments necessary to accomplish this goal through cost-effective compliance, business-driven improvement and science-based risk management. We have reduced energy consumption by approximately 11.5% from 2006 through 2011.

1.4 Research and Development

Our research and development activities are designed to improve our existing products and discover and commercialize new materials, catalysts and processes. These activities focus on product and application development, process development, catalyst development and fundamental polyolefin focused research.

We have three research and development facilities, each with a specific focus. Our facility in Frankfurt, Germany focuses on PE and metallocene catalysts. Our facility in Ferrara, Italy focuses on PP, PB-1, *Catalloy* process resins and Ziegler-Natta catalysts. Our facility in Cincinnati, Ohio focuses on polyolefin product and application development in North America.

Our financial performance and market position depend in substantial part on our ability to improve our existing products and discover and commercialize new materials, catalysts and processes. Our research and development is organized by core competence communities that manage and provide resources for projects, intellectual property and catalyst manufacturing. These include:

- *Catalyst systems:* catalyst research to enhance our polyolefin polymer properties, catalyst and process performance, including Ziegler Natta, chromium and metallocene catalyst.
- *Manufacturing platforms:* research to advance process development and pilot plant integration to industrialize technology with improved polymer properties.
- *Product and application development:* working directly with customers to provide new products with enhanced properties.
- *Processing, testing and characterization:* research to increase knowledge on polymers from production to processability.
- *Process design and support:* research to reduce production and investment costs while improving processability.
- *Chemicals and fuels technologies:* research to develop and improve catalysts for existing chemical processes and improve process unit operations.

We have core research and development projects that focus on initiatives in line with our strategic direction. These projects are closely aligned with our businesses and customers with a goal of commercialization of identified opportunities. Core projects currently include research and development in areas such as:

- PP product development with emphasis on *Spherizone* process technology.
- Next generation products from existing and in-development processes, using advanced catalyst technologies including metallocenes.
- Enhanced catalyst and process opportunities to extend PE technologies.
- Enhanced catalysts and process opportunities for selected chemical technologies.

As of 31 December 2011, approximately 827 of our employees are directly engaged in research and development activities.

In addition to our research and development activities, we provide technical support to our customers. Our technical support centers are located in Bayreuth, Germany; Cincinnati, Ohio; Geelong, Australia; Lansing, Michigan; and Tarragona, Spain.

In 2011 and 2010, our research and development expenditures were $141 million and $71 million, respectively. A portion of these expenses are related to technical support and customer service and are allocated primarily to the segments.

1.5 Management's Discussion and Analysis of Results of Operations

Highlights for the period ended 31 December 2011:

- Net income of $2.4 billion ($1.1 billion in 2010)
- Repayment of $3.1 billion ($1.2 billion in 2010) billion of debt
- Obtained amendment to Senior 8% Notes and Senior 11% Notes to release collateral and modify provisions related to restrictive covenants
- Issuance of $1 billion Senior 6% Notes
- Payment of dividends totaling $2.9 billion, including special dividend of $4.50 per share
- Strong performance led by advantaged positions in U.S. olefins and refining
- Ended year with liquidity of $3.2 billion ($6.1 billion in 2010), including cash of $1.1 billion ($4.2 billion in 2010)

LyondellBasell N.V., the parent holding company, owns and operates, directly and indirectly, substantially the same business as owned and operated by LyondellBasell AF prior to the Company's emergence from the bankruptcy cases. Prior to the acquisition, we did not have any significant operating activities. As a result, the 2010 financial information included in this discussion represents a period of eight months.

LyondellBasell Industries N.V.

The following selected financial data of the Company should be read in conjunction with the Consolidated Financial Statements and related notes thereto and "Management's Discussion and Analysis of Results of Operations" below. The selected financial data of the Company were derived from their audited consolidated financial statements.

Millions of dollars (except for earnings per share amounts)	For the Year Ended 31 December 2011	* Period 15 October 2009 to 31 December 2010
Results of Operations Data		
Revenue	$ 51,035	$ 27,684
Operating profit	4,373	2,041
Finance costs	1,068	538
Depreciation, amortization and impairments	986	582
Profit for the period	2,369	1,092
Earnings per share :		
Basic	4.16	1.94
Diluted	4.13	1.94
Balance Sheet Data		
Total equity	10,429	11,152
Borrowings	3,997	6,029
Cash and cash equivalents	1,065	4,222
Net debt	2,932	1,807
Trade and other receivables	4,542	4,550
Inventories	5,654	4,614
Trade and other payables	(4,459)	(4,095)
Net Working Capital	5,737	5,069
Cash Flow Data		
Cash provided by (used in):		
Operating activities	2,583	2,916
Investing activities	(735)	(276)
Including expenditures for property, plant and equipment	(1,050)	(466)
Financing activities	(4,964)	1,555

* Prior to acquisition there were no significant operating activities and as such, the results from the operating activities, cash flow from operating activities and cash flow from investing activities represents a period of 8 months only.

1.5.1 General

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

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

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

1.5.2 Overview of Results of Operations

Business conditions in 2011 were improved over 2010 despite a significant economic slowdown, particularly in Europe, in the fourth quarter 2011. Underlying business fundamentals in 2011 were similar to those experienced in 2010, including the low price of natural gas in North America relative to the global price of crude oil. In 2011, lower prices for natural gas-based liquid feedstocks, particularly ethane, relative to the prices of crude-oil based feedstocks, provided an advantage for producers with the capability to shift the raw material ratio between these raw material groups. Also in 2011, in an otherwise weak market, Gulf Coast refiners of heavy crude oil benefited from discounts on the price of heavy crude oil.

Although results were impacted by an economic slowdown in the fourth quarter, overall results for 2011 were strong in most of our businesses. The O&P—Americas segment benefited from strong margins for ethylene and ethylene co-products. Amid growing economic uncertainty in Europe, continued strong results for our differentiated PP compounding products coupled with earnings from our joint ventures enabled our O&P—EAI segment to maintain results at the 2010 level. I&D segment results were bolstered by strong product margins across most businesses, particularly BDO, EO and derivatives and acetyls, reflecting improved automotive and durable goods demand. The Refining and Oxyfuels business segment results reflected improved refining margins and crude processing rates at the Houston refinery as well as improved oxyfuels margins, which more than offset fourth quarter 2011 charges related to the suspension of operations at the Berre refinery and significantly lower fourth quarter refining margins. The Technology segment reflected improved operating results for catalysts in 2011, the effect of which was offset by increased R&D costs and the decline in process license revenue.

Revenues—Revenues for 2011 were $51,035 million. Higher average sales prices, which reflect higher raw material costs, improved supply/demand fundamentals in the O&P-Americas and I&D segments and higher refining margins at our Houston refinery were responsible for the majority of the increase in revenues. The effect of higher sales volumes, particularly at the Houston refinery, also contributed to the revenue increase.

Revenues for the period ended 31 December 2010 were $27,684 million. A combination of strong demand and increased crude-oil and natural gas prices contributed to higher average sales prices and higher volumes than previously seen in the market.

Operating Profit—The Company had an operating profit of $4,373 million in 2011. Annual results for the underlying operations of the Company improved in 2011 despite a significant decrease in operating results in the fourth quarter 2011. The improvement primarily reflects higher product margins for ethylene, butanediol, EO and derivatives and acetyls as well as higher refining margins at our Houston refinery. Operating results for 2011 includes charges totaling $307 million primarily related to the estimated cost of a social plan associated with the suspension of operations at our Berre refinery, activities to reorganize certain functional organizations, impairments of asset, and increases in environmental liabilities and asset retirement obligations. These charges were partially offset by benefits of $85 million related to the sale of excess precious metals and proceeds from insurance and other settlements. Operating results for each of our business segments are reviewed further in the "Segment Analysis" section below.

In 2010, the Company had an operating profit of $2,041 million. The results of our underlying operations were driven by the effect of higher sales volumes as demand increased due to improved global market conditions. Our 2010 operating results were negatively impacted by $25 million due to impairment charges incurred related to the carrying value of assets at the Berre refinery.

The Company had Other Operating Income of $64 million in the period ended 31 December 2010 related to the sale of its Flavor and Fragrance chemicals business.

Capital spending required for the operation of the Berre refinery will continue to be impaired. As mentioned above, operations at the Berre refinery were suspended in early January 2012. See Note 32 to the Consolidated Financial Statements for additional information related to the Berre refinery.

Finance costs—Finance cost was $1,068 million in 2011. The interest expense in 2011 reflects the repayment of $4,288 million principal amount of debt since the beginning of the fourth quarter 2010, partially offset by prepayment premiums and extinguishment losses totaling $443 million related to the 2011 repayments. The prepayment of debt in 2011 included $1,731 million of our 8% senior notes, $1,319 million of our 11% senior notes and the remaining $5 million outstanding under our Senior Term Loan Facility. Interest expense for 2011 also includes interest on our newly issued 6% senior notes due 2021.

Finance costs, which were $538 million in 2010, include $525 million interest expense, $9 million foreign exchange loss from borrowings and cash and $4 million of unwinding of discount of provisions. Interest expense included $26 million of charges related to the prepayment of debt in December 2010. The prepayment of debt included $275 million of our 8% senior secured notes and $494 million of the senior secured term loan facility in December 2010. In addition, $464 million under the accounts receivable securitization facility and accounts receivable factoring agreement was repaid during October and November of 2010.

Income from Associates—The Company had income from associates totaling $216 million in 2011. This income reflects the addition of capacity at HMC Polymers Company Ltd. ("HMC") in late 2010 and the favorable operations of our associates in Ningbo, China, which commenced operations in June 2010. The benefit of these associates was partially offset by lower results of our associate located in Poland.

In 2010, income from associates, which was $87 million, benefited from the operations of Saudi Ethylene & Polyethylene Company Ltd., which commenced operations in June 2009, and from a new polypropylene plant operated by HMC that commenced operations in October 2010.

Income Tax—Our effective income tax rate of 33.4% in 2011 resulted in a tax provision of $1,190 million on pre-tax income of $3,559 million. For the period ended 31 December 2010, the Company recorded a tax provision of $516 million, representing an effective tax rate of 32.1% on Profit before income tax from ordinary activities of $1,608 million. The effective tax rate of 33.4% and 32.1% for 2011 and 2010, respectively, are significantly higher than the 25% Dutch statutory tax rate, primarily due to the significant proportion of operating income and associated tax provisions generated in the U.S., which has a statutory federal income tax rate of 35%.

1.5.3 Segment Analysis

We report our financial results in five reportable segments: O&P—Americas, O&P—EAI, I&D, Refining and Oxyfuels and Technology. These segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer ("CEO") who is ultimately responsible for allocating resources and assessing performance.

Accounting policies for internal reporting, which are based on U.S. GAAP, are materially similar to those described in Summary of Significant Accounting Policies (see Note 2 of the Consolidated Financial Statements), except for:

- *Business Combination versus fresh start accounting*—In accordance with Financial Accounting Standards Board ("FASB") Accounting Codification ("ASC") Topic 852, Reorganizations ("ASC 852"), the Group applied fresh start accounting as of 30 April 2010. Fresh start accounting requires that all relevant assets and liabilities be measured at their fair value as at 30 April, 2010 based on the restructuring of the organization. Under IFRS and this financial report, the restructuring of the Group has been accounted for under IFRS 3(R), Business combinations. One of the key differences between ASC 852 and IFRS 3(R) is that IFRS 3(R) recognizes the so called measurement period. Any changes to estimates due to contingencies as of 30 April 2010 are accounted for retrospectively under IFRS but prospectively under U.S. GAAP.

- *Inventories*—The Company measures its inventories in accordance with the Last In, First Out ("LIFO") method, which is permitted under U.S. GAAP. LIFO is prohibited under IFRS according to IAS 2, Inventories and therefore for the consolidated financial statements the inventories are measured using the First In, First Out ("FIFO") basis. This method difference between the reportable segments and the consolidated information has resulted in differing cost of sales and net profit for the period.

- *Other*—Amongst others, there are minor differences between the subsequent measurement in the asset retirement obligation and measurement of retirement benefit obligations. If material, these differences are disclosed in the segment and consolidated financial statement reconciliation.

Reconciliation of operating income as presented in the table below to the IFRS operating income is included in Note 35 of the Consolidated Financial Statements.

Millions of U.S. Dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Sales and other operating revenues:		
O&P - Americas	$ 14,880	$ 8,406
O&P - EAI	15,460	8,729
I&D	6,487	3,754
Refining and Oxyfuels	20,733	10,321
Technology	506	365
Other, including intersegment eliminations	(7,031)	(3,891)
Total	$ 51,035	$ 27,684
Operating profit:		
O&P - Americas	$ 1,857	$ 1,043
O&P - EAI	475	411
I&D	862	512
Refining and Oxyfuels	718	241
Technology	107	69
Other, including intersegment eliminations	(21)	(22)
Total	$ 3,998	$ 2,254
Income from associates:		
O&P - Americas	$ 21	$ 16
O&P - EAI	168	68
I&D	27	2
Total	$ 216	$ 86

Olefins and Polyolefins—Americas Segment

2011—The U.S. ethylene industry continued to benefit from processing natural gas liquids in 2011. The cost of ethylene produced from natural gas liquids continues to be lower compared to that produced from crude oil-based liquids, which is the predominant feedstock used in the rest of the world. Ethylene margins remained strong in 2011 primarily due to advantaged prices for ethane, which was the favored feedstock. Co-product sales prices, which remained high in 2011 despite a fourth quarter decline, also contributed to the strength of ethylene margins. Market demand for polyethylene was relatively unchanged in 2011, but higher prices driven by increased raw material costs dampened demand for U.S. polypropylene.

2010—Operating results for the period ended 31 December 2010 primarily reflected strong demand and higher margins for ethylene due to improved economic conditions in 2010 and unplanned operating issues and turnarounds at competitor facilities in the first two months after acquisition. Polypropylene results improved as a result of better domestic economic conditions.

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

- crude oil-based liquids ("liquids" or "heavy liquids"), including naphtha, condensates, and gas oils, the prices of which are generally related to crude oil prices; and
- natural gas liquids ("NGLs"), principally ethane and propane, the prices of which are generally affected by natural gas prices.

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

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

Production economics for the industry favored NGLs in 2011. As a result, we further increased our use of NGLs and reduced liquids consumption at our U.S. plants. During 2011, approximately 75% of our U.S. ethylene production was produced from NGLs compared to 70% in 2010.

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

	Average Benchmark Price and Percent Change Versus Prior Year Period Average					
	Year Ended 31 December			Year Ended 31 December		
	2011	2010	Change	2010	2009	Change
Crude oil (WTI) - dollars per barrel	95.1	79.6	20%	79.6	62.1	28%
Natural gas (Henry Hub)						
dollars per million BTUs	4.1	4.5	(8)%	4.5	3.8	19%
United States - cents per pound:						
Weighted average U.S. cost of						
ethylene production	35.6	30.0	19%	30.0	26.2	14%
Ethylene	54.3	45.9	18%	45.9	33.9	35%
Polyethylene (HD)	89.4	82.2	9%	82.2	66.5	24%
Propylene - polymer grade	73.3	59.6	23%	59.6	37.9	57%
Polypropylene	100.5	86.0	17%	86.0	64.4	34%

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

Millions of U.S. Dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Sales and other operating revenues	$ 14,880	$ 8,406
Operating profit	1,857	1,043
Income from associates	21	16
Production Volumes, in millions of pounds		
Ethylene	8,353	5,585
Propylene	2,907	1,998
Sales Volumes, in millions of pounds		
Polyethylene	5,493	3,704
Polypropylene	2,471	1,735

Revenues—Average sales prices were higher for most products in 2011 reflecting an improved supply/demand balance and the high cost of crude-oil based raw materials. The effect of these higher sales prices was partially offset by lower sales volumes.

In 2010, the average sales prices and sales volumes reflected an increase in demand resulting from improved economic conditions and the effect of constrained supply due to operating issues and turnarounds at competitor plants

Operating Profit—Improved operating results for 2011 were primarily due to higher ethylene product margins, which were partially offset by lower product margins for polyethylene and polypropylene and the effect of lower ethylene and polypropylene sales volumes. The higher ethylene margins reflected increases in the average sales prices of ethylene and ethylene co-products during 2011, which more than offset increases in raw material prices. Polyethylene and polypropylene product margins declined in 2011 as increases in raw material costs outpaced the increases in average sales prices. Operating results for 2011 were negatively impacted by a major turnaround at our Channelview plant and a utility supplier outage at our Morris, Illinois facility as well as planned and unplanned outages at our polypropylene plants.

The underlying operations of the O&P―Americas segment in 2010 improved primarily due to higher product margins for ethylene as higher average sales prices for ethylene and its co-products more than offset higher raw material costs. In addition, the effect of higher polypropylene sales volumes during 2010 partially offset the effect of higher utility, planned maintenance and other costs.

Olefins and Polyolefins—Europe, Asia and International Segment

2011—Market conditions, which were strong in the first half of the year, began to deteriorate in the third quarter and continued to decline rapidly in the fourth quarter. The decline was most evident in the slowdown experienced in Europe amid uncertainty and poor economic conditions. An industry wide inventory adjustment that occurred during

the fourth quarter as producers drew down existing inventories led to a decline in prices from the high levels experienced earlier in the year. Despite lower market demand for ethylene, industry margins for ethylene expanded as benchmark average sales prices increased more than the benchmark weighted average cost of ethylene production. Market demand for polyolefins decreased in 2011.

Despite a lower second half of 2011, operating results for the O&P—EAI segment reflected improved product margins for ethylene and especially butadiene, and higher sales volumes across most products. Segment results in the year also benefited from the continued strong performance of our joint ventures and our PP compounding business. Operating results for the year include charges associated with activities to reorganize certain functional organizations and for increased environmental liabilities at our Wesseling, Germany site

2010—Ethylene market demand in Europe was generally high as planned and unplanned outages resulted in reduced supply and higher operating results in the second and third quarters. Ethylene margins expanded as benchmark average sales prices increased more than the benchmark weighted average cost of ethylene production. Global polyolefin markets also improved. The improvement in polypropylene and LDPE reflected tight supply conditions amid planned and unplanned industry outages throughout the year. Operating results include a charge related to a change in estimate associated with a dispute over environmental activities.

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

The following table shows the average West Europe benchmark prices for Brent crude oil, a heavy liquid raw material, for the applicable periods, as well as benchmark West Europe prices for ethylene and propylene, which we produce and consume internally or purchase from unrelated suppliers, and certain polyethylene and polypropylene products.

	Average Benchmark Price and Percent Change Versus Prior Year Period Average					
	Year Ended 31 December			**Year Ended 31 December**		
	2011	**2010**	**Change**	**2010**	**2009**	**Change**
Brent crude oil - dollars per barrel	110.7	80.8	37%	80.8	68.3	18%
Western Europe benchmark prices						
weighted average cost of ethylene production - €0.01 per pound	36.5	29.5	24%	29.5	23.8	24%
Ethylene	51.7	43.2	20%	43.2	33.4	29%
Polyethylene (high density)	61.6	52.5	17%	52.5	42.9	22%
Propylene	50.7	42.4	20%	42.4	27.7	53%
Polypropylene (homopolymer)	63.9	57.7	11%	57.7	39.9	45%
Average Exchange Rate - $US per €	1.3992	1.3205	6%	1.3205	1.3972	(5)%

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

Millions of U.S. Dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Sales and other operating revenues	$ 15,460	$ 8,729
Operating profit	475	411
Income from associates	168	68
Production Volumes, in millions of pounds		
Ethylene	3,729	2,502
Propylene	2,286	1,584
Sales Volumes, in millions of pounds		
Polyethylene	5,143	3,402
Polypropylene	6,624	4,906

Revenues—Revenues improved in 2011 due to average product sales prices, which were mainly driven by higher raw material costs. Sales volumes in 2011 decreased slightly as a decline in polypropylene sales was offset by increases in other product areas, but sales volumes in the second half of the year were significantly lower than in the first half of the year. Overall, the change in sales volumes did not have a material impact on revenues.

Revenues in 2010 primarily reflected the effect of higher average product sales prices across most products, particularly ethylene, butadiene, polyethylene and polypropylene, as well as the effect of improved sales volumes, particularly polypropylene, including *Catalloy* and PP Compounds.

Operating Profit—Operating results for 2011 include the impact of charges associated with activities to reorganize certain functional organizations and for increased environmental liabilities at our Wesseling, Germany site. Business results in 2011 primarily reflected improved product margins for butadiene, ethylene, and to a lesser extent, PP compounds and the effect of slightly higher ethylene sales volumes. These improvements were substantially offset by the unfavorable effects of higher monomer costs on polypropylene and polyethylene margins and higher freight and distribution and other costs. The strength in butadiene margins reflects strong global demand coupled with constrained supply as a result of a preference for NGL olefins feedstocks, which produce less butadiene than liquid feedstocks, in North America.

Results for the underlying operations for 2010 primarily reflect improved product margins for ethylene, butadiene, polypropylene and polyethylene, mainly LDPE. Fixed costs include costs related to the start-up of the polymers plant in Münchmünster, Germany. Operating results for the period ended 31 December 2010 were negatively impacted by a $35 million charge associated with a change in estimate related to a dispute that arose during the third quarter 2010 over an environmental indemnity.

Income from Associates—In 2011, income from associates reflects the addition of capacity at HMC in late 2010, and the favorable operations of our associates in Saudi Arabia and Poland. We received dividends of $181 million and $40 million from our associates in 2011 and 2010, respectively.

In 2010, income from associates reflected a benefit from the operations of Saudi Ethylene & Polyethylene Company Ltd. and from a new polypropylene plant operated by HMC that commenced operations in October 2010.

Intermediates and Derivatives Segment

The demand for Intermediates and Derivatives products remained strong in the first nine months of 2011. Significant scheduled maintenance turnarounds at two facilities commenced at the end of the third quarter 2011 and continued into the fourth quarter. As the facilities returned to full operations in the fourth quarter, demand eroded, particularly in Europe. The decrease in demand reflected typical seasonal declines as well as a weak start to the winter aircraft deicing season. The Intermediates and Derivatives ("I&D") segment results for 2011 reflected improved margins in most product areas, especially in butanediol ("BDO"), acetyls, isobutylenes and in EO and derivatives ("EO&D").

Market demand for Intermediate and Derivative products improved in 2010 due to the recovery of the automotive industry and planned and unplanned industry outages during 2010 which tightened industry supply. Demand in the Intermediates market also returned to at or above pre-recession levels in 2010. The propylene oxide business benefited from planned and unplanned competitor downtime in the first half of 2010 as the market for durable goods end-uses strengthened.

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

Millions of U.S. Dollars	**For the Year Ended 31 December 2011**	**Period 15 October 2009 to 31 December 2010**
Sales and other operating revenues	$ 6,487	$ 3,754
Operating profit	862	512
Income from associates	27	2
Sales Volumes, in millions of pounds		
PO and derivatives	3,103	2,248
EO and derivatives	1,100	614
Styrene	3,065	2,023
Acetyls	1,637	1,189
TBA intermediates	1,795	1,208

Revenues—Revenues in 2011 reflected higher average sales prices across all businesses and the effect of higher sales volumes for EO, EG and styrene, which more than offset declines in volumes for PO & derivatives, acetyls and isobutylenes. Increased demand in the Asian automotive and polyester markets and the effect of competitor outages on supply were partially responsible for the higher average sales prices. The sales volume changes reflected the effects of the scheduled maintenance turnarounds at two of our facilities in the fourth quarter 2011, higher production from the EO/EG facility in a strong global market for most of the year, and the yearend slowdown experienced primarily in Europe.

Revenue for 2010 reflected strong demand leading to higher sales volumes and higher average sales prices across most products, particularly PO, BDO, PG, TBA, and styrene. EO and EG sales volumes were affected by planned and unplanned maintenance activities during the latter half of 2010.

Operating Profit—The 2011 improvement in operating results primarily reflected higher product margins across all business products, especially in PO derivatives. Improved automotive and other durable goods demand and competitor outages contributed to favorable supply/demand fundamentals as prices outpaced increased raw material costs.

The 2010 operating income primarily reflected the favorable effect of significantly higher sales volumes for PO and PO derivatives, TBA and styrene. Lower product margins for styrene and TBA and derivatives more than offset higher product margins for acetyls, EO and EG. Operating results for 2010 included the results of the Flavors and Fragrances business that was sold in December 2010 as well as a non-cash charge to adjust finished goods inventory to market at 31 December 2010.

Refining and Oxyfuels Segment

In 2011, benchmark U.S. heavy crude refining margins increased despite declining significantly in the fourth quarter. The improvement in refining margins was a result of significant discounts for heavy crude oil and increased gasoline and distillate spreads over crude oil for much of the year. European refining margins were challenged by industry overcapacity and the loss of Libyan crude oil supply. Oxyfuels margins in 2011 improved due to higher gasoline prices relative to the cost of natural gas-based raw material costs.

Segment operating results improved in 2011 even though we recognized charges of $136 million primarily related to the anticipated cost of the social plan associated with the suspension of operations at our Berre refinery and significantly lower refining margins in the fourth quarter,. These improved results primarily reflected the effect of higher crude oil refining margins, higher oxyfuels margins, and increased crude runs at the Houston refinery. Crude processing rates remained reduced at the Berre refinery in response to continued poor market conditions and margins. Oxyfuels results also showed improvement in 2011.

Benchmark heavy crude refining margins averaged higher in 2010, primarily due to an increase in the differential between the cost of heavy and light crude oil.

In 2010, operating results primarily reflected improved benchmark refining margins and lower crude processing rates at the Houston refinery. Crude processing rates for the Houston refinery reflected the effects of a crude unit fire, sulfur recovery constraints and unplanned outages.

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

Millions of dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Sales and other operating revenues	$ 20,733	$ 10,321
Operating profit	718	241
Sales Volumes, in millions		
Gasoline blending components -		
MTBE/ETBE (gallons)	868	625
Crude processing rates (thousands of barrels per day)		
Houston Refinery	263	223
Berre Refinery	82	94
Market margins - $ per barrel		
Light crude oil - 2-1-1 *	7.80	8.98
Light crude oil - Maya differential *	13.76	8.99
Total Maya 2-1-1	21.56	17.97
Urals – 4-1-2-1	8.08	6.59
Market margins - cents per gallon		
MTBE – NWE	83.1	33.9

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

Revenues—Revenues in 2011 improved primarily due to higher average sales prices and the effect of higher refining sales volumes at our Houston refinery, as well as higher oxyfuels margins. These increases were partially offset by lower oxyfuels sales volumes. Crude processing rates at the Houston refinery, which were negatively impacted in 2010 by a crude unit fire, sulfur constraints, unplanned coker outages and a supply disruption from a third party supplier, improved in 2011. Crude processing rates for the Berre refinery were lower in 2011 primarily as a result of management's decision to reduce crude processing rates in response to poor market conditions and labor actions associated with the Berre refinery.

Revenues in 2010 were primarily driven by improved average sales prices at the Houston and Berre refineries. Crude processing rates for the Houston refinery were negatively impacted as a result of a May 2010 crude unit fire and other planned and unplanned outages over the course of the year. Crude processing rates for the Berre refinery were not significantly affected by several planned and unplanned outages.

Operating Profit—The improvement in the underlying operations of the refining and oxyfuels businesses in 2011 primarily reflects higher refining margins at the Houston refinery as indicated by the increase in the Maya 2-1-1 benchmark margin, and higher oxyfuels margins. Financial performance of the Houston refining business was favorably impacted by purchasing crude oils at discounts versus the Maya reference price for heavy crude oil. Margins for oxyfuels products reflect the effect of higher spreads between the prices of gasoline and butane, a key raw material. Operating results for 2011 include charges of $136 million associated with the estimated cost of the social plan related to suspension of operations at our Berre refinery and $31 million of charges associated with the impairment of assets at the Berre refinery. The effect of these charges in 2011 was partially offset by benefits totaling $49 million, including an insurance recovery associated with the misconduct of a former employee and a settlement related to the 2008 crane incident at our Houston refinery.

Operating results for 2010 were negatively impacted by a $21 million charge associated with a change in estimate related to a dispute that arose during the third quarter 2010 over an environmental indemnity, the impairment of assets related to the Berre refinery, and by a crude unit fire in May 2010 resulting in lost production and $14 million in cash costs. These negative impacts were partly offset by improved refining margins, especially at the Houston refinery.

Technology Segment

The 2011 segment results reflected higher research and development costs primarily related to charges for the impairment of an R&D project in Europe and the relocation of an R&D facility, and lower licensing and services revenue. Operating results for the catalyst business improved in 2011.

The Technology segment results in 2010 were negatively impacted by a slowdown in new polyolefin projects as a consequence of the economic crisis beginning late in the fourth quarter 2008. The negative effect of a strengthening U.S. dollar versus the Euro in 2010 also negatively impacted the Technology segment's 2010 results.

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

Millions of U.S. Dollars	**For the Year Ended 31 December 2011**	**Period 15 October 2009 to 31 December 2010**
Sales and other operating revenues	$ 506	$ 365
Operating profit	107	69

Revenues—Revenues for 2011 primarily reflected a decline in the recognition of revenues on process licenses issued in prior periods. Catalyst sales volumes and average sales prices were steady.

2010 revenues reflected the effect of a slowdown in new polyolefin projects as a consequence of the economic crisis beginning late in the fourth quarter 2008. In addition, currency exchange rates had an unfavorable effect on operating income of non-U.S. operations as the U.S. dollar strengthened versus the Euro in both periods.

Operating Profit—Lower revenue recognized in 2011 from process licenses issued in prior years and higher R&D costs were offset by the effects of higher operating results for catalysts. Operating profit reflects the continued

impact of a slowdown in new polyolefin projects that stemmed from the economic crisis in late 2008. The R&D costs in 2011 include $19 million of charges, primarily related to the impairment of an R&D project in Europe, and charges totaling $16 million for employee severance and asset retirement obligations related to an R&D facility that is being relocated.

Operating income for 2010 was negatively affected by an $8 million charge associated with a change in estimate related to a dispute that arose during the third quarter 2010 over an environmental indemnity and by a $17 million charge related to the sale, in 2010, of higher cost inventory. In addition, the operating income in reflect the results of the slowdown in process licensing revenue, and to a lesser extent, the negative effects of a strengthening U.S. dollar versus the Euro in 2010 compared to 2009.

1.6 Outlook

Significant financial and strategic progress in 2011 has positioned us very well to both capture market opportunities and weather the impacts of global economic and industry cycles. Underpinning everything we do is a constant focus on operational excellence that drives our safety, environmental performance, and management of costs and reliability.

We expect to continue to deliver differential results in these areas in 2012. We are a much stronger company financially going forward due to accelerated progress achieved in 2011 with our capital structure and deployment, including establishing a sound and competitive dividend policy. We will see continued benefits as we drive toward an investment-grade quality balance sheet, and we also have opportunities for tax structure optimization.

Our O&P—Americas business segment will capture further differential value from the ongoing ethane feedstock advantage with retooled assets and several efficient growth projects in progress. For the second year in a row, we will take a major turnaround in early 2012 at our largest olefins complex in Channelview, Texas.

Our O&P—EAI business segment will continue to be challenged due a structurally higher cost position in Europe, especially in weaker parts of the economic cycles as we have experienced in the last half of 2011. However, strong performance in the PP Compounding business and increasing contributions from our associates outside of Europe continues, and we are making good progress with our plans to improve our European asset base, cost structure and product portfolio to make these businesses more sustainable.

Our Intermediates and Derivatives businesses have delivered record results supported in part by the same high oil/gas price ratio that is driving the improved outlook for the O&P—Americas business segment. We are executing projects to capture more of these benefits going forward and we also have made good progress in the next stage of profitable growth using our advantaged Propylene Oxide co-product technology, announcing a feasibility study for a new PO/TBA plant in China with our current partner, Sinopec.

While challenging market conditions persist in global refining, we have taken several important steps in our Refining and Oxyfuels business segment to both improve our long-term performance and better capture market opportunities that develop in this volatile business. We executed a decision to shut down the Berre refining operations in France at yearend, where the market outlook is clearly unfavorable for any relief from the negative cash flows we have seen since 2009. On the other hand, our Houston refinery demonstrated differential positive performance in 2011 due to an increased ability to capture profit from market dislocations such as the WTI/Brent price differential that existed until late in the year. Prospects for further industry rationalization should benefit complex refineries like our Houston asset, and we have taken successful steps to improve the performance of the refinery and to diversify its crude oil supply. The Oxyfuels portion of this business segment also continues to benefit from the high oil/gas price ratio.

At 31 December 2011 and 2010, we and our subsidiaries had approximately 13,700 and 14,000 full-time and part-time employees, respectively. We also use the services of contractors in some routine aspects of our businesses. We have not experienced and do not expect material turnover of key personnel.

1.7 Financial Condition

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

Millions of U.S. Dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Sources (uses) of cash:		
Operating activities	$ 2,583	$ 2,916
Investing activities	(735)	(276)
Financing activities	(4,964)	1,555

Operating Activities—Cash of $2,583 million provided in 2011 primarily reflected an increase in earnings, partially offset by an increase in cash used by the main components of working capital, and payments totaling $1,699 million related to company contributions to our pension plans, tax payments, premiums and other fess related to prepayments and debts, and a litigation settlement.

The main components of working capital used cash of $498 million in 2011 and provided cash of $619 million in 2010. The increase in these working capital components during 2011 reflects increases of $131 million and $1,070 million, respectively, in accounts receivable and inventories, partially offset by a $703 million increase in accounts payable. The increases in both accounts receivable and accounts payable reflect the effect of increasing prices over the period. The increase in inventories reflects the effect of higher prices and increased volumes, especially in the O&P—Americas business segment as we built inventory in preparation for a major first quarter 2012 turnaround.

Cash provided by the operating activities in 2010 primarily reflected profit before tax of $1,608 million, the decrease in main components of net working capital of $619 million and depreciation, amortization and impairment of fixed assets of $582 million. The main components of working capital – accounts receivable and inventory, net of accounts payable provided cash of $619 million reflecting the usage of inventories acquired at market prices as a result of the acquisition and the improved favorable payment terms with suppliers after emergence from Bankruptcy.

Investing Activities—Cash used in investing activities in 2011 primarily reflects capital expenditures of $1,050 million, partially offset by proceeds from the sale of assets and $206 million of dividends received from investments in associates. Capital expenditures in 2011 include the July 2011 purchase of a pipeline for $73 million. The $71 million of proceeds from sales of assets include $57 million related to the sale of surplus precious metals associated with a catalyst for our EO and derivative business.

Cash used in investing activities in 2010 included $466 million of capital expenditures, partially offset by proceeds of $154 million from the sale of our flavors and fragrances (“F&F”) business in December 2010 and $34 million of dividends received from investments in associates.

The following table summarizes capital expenditures anticipated for 2012 and actual capital expenditures for the periods from 2009 through 2011:

Millions of dollars	Plan 2012	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Capital expenditures by segment:			
O&P–Americas	$ 594	$ 425	$ 146
O&P–EAI	339	235	105
I&D	195	107	77
Refining and Oxyfuels	265	255	108
Technology	60	26	19
Other	5	10	12
Total capital expenditures by segment	1,458	1,058	467
Less:			
Contributions to PO Joint Assets	37	8	1
Consolidated capital expenditures of continuing operations	$ 1,421	$ 1,050	$ 466

The capital cash expenditures presented in the table above exclude costs of major periodic maintenance and repair activities.

Financing Activities—Financing activities used cash of $4,964 million during 2011. In November 2011, we redeemed $1,204 million and €200 million ($274 million) of our 8% senior notes due 2017 and $1,319 million of our 11% senior notes due 2018, comprising 66% of the then outstanding senior dollar notes and senior euro notes on 20 October 2011. In May 2011, we redeemed $203 million and €34 million ($50 million) of our 8% senior secured notes due 2017, comprising 10% of the then outstanding senior secured notes at 31 March 2011. We paid premiums totaling $404 million and bank fees of $7 million in conjunction with these redemptions. We also repaid the remaining $5 million outstanding under our senior term loan facility in November 2011.

Also in November 2011, we issued $1,000 million of 6% senior notes due 2021 and received proceeds of $985 million. In December 2011, we paid a special dividend totaling $2,580 million, or $4.50 per share, to shareholders of record on 25 November 2011. In addition to the special dividend, we paid a final 2010 dividend and interim dividends totaling $313 million, including dividends of $0.25, $0.20 and $0.10 per share of common stock, respectively, to shareholders of record on 25 November 2011, 17 August 2011 and 5 May 2011. In June 2011, we paid $15 million of fees related to the amendment of our U.S. ABL facility. In the first quarter of 2011, we received proceeds of $37 million upon conversion of outstanding warrants to common stock.

In 2010, financing activities primarily reflect the repayment of debt in the fourth quarter of 2010. In December 2010, we redeemed $225 million and €37.5 million ($50 million) of our 8% senior secured notes due 2017, comprising 10% of the outstanding senior secured dollar notes and senior secured Euro notes, respectively. In conjunction with the redemption of the notes, we paid premiums totaling $8 million. Also in 2010, we repaid $495 million of the senior term loan facility, including a mandatory quarterly amortization payment of $1 million and a prepayment, at par, of $494 million in December 2010. On 30 April 2010, we received gross proceeds of $2,800 million in connection with the issuance of shares in a rights offering and paid $65 million of fees net of taxes.

Liquidity and Capital Resources

As of 31 December 2011, we had cash on hand of $1,065 million. In addition, we had total unused availability under our credit facilities of $2,183 million at 31 December 2011, which included the following:

- $1,738 million under our $2,000 million U.S. ABL facility, which is subject to a borrowing base net of outstanding borrowings and outstanding letters of credit provided under the facility. At 31 December 2011, we had $262 million of outstanding letters of credit and no outstanding borrowings under the facility.

- €321 million and $14 million (totaling approximately $445 million) under our €450 million European receivables securitization facility. Availability under the European receivables securitization facility is subject to a borrowing base, net of outstanding borrowings. There were no outstanding borrowings under this facility at 31 December 2011.

In December 2011, Lyondell Chemical settled a lawsuit in which BASF had obtained a judgment in 2007 of approximately $200 million. Lyondell appealed the judgment and posted an appeal bond, which is collateralized by a $200 million letter of credit and is included in the $262 million of letters of credit issued under our U.S. ABL facility. The settlement was approved by the Bankruptcy Court on 18 January 2012, and we expect the appeal bond to be dissolved sometime in the first quarter of 2012. Upon final dissolution of the bond and the return and cancellation of the original letter of credit, our liquidity will increase by $200 million.

We have receivables outstanding of €172 million ($223 million) related to value added tax ("VAT") in Italy.

In the first quarter 2010, Italy implemented a reverse change rule, under which non-domestic companies may not collect VAT tax on sales to domestic companies, but must submit VAT on purchases from domestic companies. As a result, the balance of VAT receivables due from Italy has increased during 2011. We fully expect to collect all amounts owed to us, although such collection is currently delayed.

An offering to sell our Berre refinery in France, which commenced in May 2011, did not result in any offers to purchase. As a result, in September 2011, we announced our intention to initiate consultations with works councils regarding the contemplated closure of operations at the refinery. On 4 January 2012, refinery operations were suspended. The suspension of operations was in accordance with an agreement executed in the fourth quarter of 2011 by our French entities and union representatives addressing the procedures by which suspension of refinery operations and the consultations would be governed. Consultations with the relevant works councils are in progress.

The Company has recorded a charge of $136 million in the fourth quarter of 2011 related to the estimated cost of the social plan and as a result of inventory write downs. Final costs to be incurred are contingent on completion of the consultations. The Company expects to incur additional costs in connection with the cessation of operations. The Company does not believe any such additional costs will be material to its results of operations.

In addition to the letters of credit issued under the U.S. ABL facility, we also have outstanding letters of credit totaling $48 million, which are collaterized by cash. Such cash is classified as restricted cash and is included in the current Trade and other receivables reflected on the consolidated Statement of Financial Position.

At 31 December 2011, we had total short-term and long-term debt, including current maturities, of $3,997 million.

We may use cash on hand, cash from operating activities and proceeds from asset divestitures to repay debt, which may include additional purchases of our outstanding bonds in the open market or otherwise. We also plan to finance our ongoing working capital, capital expenditures, debt service and other funding requirements through our future

financial and operating performance, which could be affected by general economic, financial, competitive, legislative, regulatory, business and other factors, many of which are beyond our control. To the extent our cash balances and results of operations support the payment of dividends, we also intend to declare and pay interim dividends. We believe that our cash, cash from operating activities and proceeds from our credit facilities provide us with sufficient financial resources to meet our anticipated capital requirements and obligations as they come due.

Amendments—In November 2011, we obtained amendments to the indentures governing our 8% senior secured notes and 11% senior secured notes. These amendments include the release of all collateral securing the notes and modification of other provisions relating to restrictive covenants.

In November 2011, an amendment to our European Receivables Securitization Facility resulted in a reduced pricing structure.

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

Contractual and Other Obligations—The following table summarizes, as of 31 December 2011, our minimum payments for long-term debt, including current maturities, short-term debt, and contractual and other obligations for the next five years and thereafter.

		Payments Due By Period					
Millions of U.S. Dollars	Total	2012	2013	2014	2015	2016	Thereafter
Total debt, nominal value	$ 4,032	$ 52	$ 1	$ 1	$ 1	$ 1	$ 3,976
Interest payment on total debt	2,820	372	368	367	367	361	985
Pension benefits:							
PBO	3,161	173	175	185	205	202	2,221
Assets	(2,082)						(2,082)
Funded status	1,079						
Other postretirement benefits	365	22	22	22	23	23	253
Advances from customers	146	53	22	17	12	12	30
Other	630	141	108	75	42	40	224
Deferred income taxes	1,343	569	146	148	144	74	262
Purchase obligations:							
Take-or-pay contracts	17,237	2,743	2,698	2,671	2,010	1,516	5,599
Other contracts	36,248	12,431	6,546	5,846	5,184	2,283	3,958
Operating leases	1,128	241	211	176	149	82	269
Total	$ 65,028	$ 16,797	$ 10,297	$ 9,508	$ 8,137	$ 4,594	$ 15,695

Total Debt—Total debt includes our 6% senior notes due 2021, 8% senior dollar and euro notes due 2017, 11% senior secured notes due 2018, 8.1% guaranteed notes due 2027 and various non-U.S. loans. See Note 27 of the Consolidated Financial Statements for a discussion of covenant requirements under the credit facilities and indentures and additional information regarding our debt facilities.

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

Pension Benefits—We maintain several defined benefit pension plans, as described in Note 29 to the Consolidated Financial Statements. At 31 December 2011, the projected benefit obligation for our pension plans exceeded the fair value of plan assets by $1,079 million. Subject to future actuarial gains and losses, as well as actual asset earnings, we, together with our consolidated subsidiaries, will be required to fund the $1,079 million, with interest, in future years. We contributed $526 million and $63 million to our pension plans in 2011 and 2010, respectively. Estimates of pension benefit payments through 2016 are included in the table above.

Other Postretirement Benefits—We provide other postretirement benefits, primarily medical benefits to eligible participants, as described in Note 29 to the Consolidated Financial Statements. We pay other unfunded postretirement benefits as incurred. Estimates of other postretirement benefit payments through 2016 are included in the table above.

Advances from Customers—We are obligated to deliver product, primarily at cost-based prices, in connection with long-term sales agreements under which our Predecessor received advances from customers in prior years. These advances are treated as deferred revenue and will be amortized to earnings as product is delivered over the remaining terms of the respective contracts, which primarily range from 4 to 8 years. The unamortized long-term portion of such advances totaled $146 million as at 31 December 2011.

Other—Other primarily consists of accruals for environmental remediation costs, obligations under deferred compensation arrangements, and anticipated asset retirement obligations.

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

Purchase Obligations—We are party to various obligations to purchase products and services, principally for raw materials, utilities and industrial gases. These commitments are designed to assure sources of supply and are not expected to be in excess of normal requirements. The commitments are segregated into take-or-pay contracts and other contracts. Under the take-or-pay contracts, we are obligated to make minimum payments whether or not we take the product or service. Other contracts include contracts that specify minimum quantities; however, in the event that we do not take the contractual minimum, we are only obligated for any resulting economic loss suffered by the vendor. The payments shown for the other contracts assume that minimum quantities are purchased. For contracts with variable pricing terms, the minimum payments reflect the contract price at 31 December 2011.

Operating Leases—We lease various facilities and equipment under non-cancelable lease arrangements for various periods. See Note 32 to the Consolidated Financial Statements for related lease disclosures.

1.8 Risk Factors

The factors described below represent our principal risks. Each of these risk factors could adversely affect our business, operating results and financial condition, as well as adversely affect the value of an investment in our common stock.

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

Our results of operations can be materially affected by adverse conditions in the financial markets and depressed economic conditions generally. Economic downturns in the businesses and geographic areas in which we sell our products substantially reduce demand for our products and result in decreased sales volumes. Recessionary

environments adversely affect our business because demand for our products is reduced, particularly from our customers in industrial markets generally and the automotive and housing industries specifically.

Deteriorating sovereign debt conditions in Europe and the related euro crisis could have a material adverse effect on our business, prospects, operating results, financial condition and cash flows.

The recent escalation of the European sovereign debt crisis has negatively impacted the capital markets in Europe and caused the value of the euro to deteriorate. These conditions have resulted in reduced consumer confidence and spending in many countries in Europe, particularly southern Europe. A significant portion of our revenues and earnings are derived from our business in Europe, including southern Europe. In addition, most of our European transactions and assets, including cash reserves and receivables, are denominated in euros.

If the European sovereign debt crisis continues or further deteriorates, there will likely be a continued negative effect on our European business, as well as the businesses of our European customers, suppliers and partners. In addition, if the crisis ultimately leads to a significant devaluation of the euro, the value of our financial assets that are denominated in euros would be significantly reduced when translated to U.S. dollars for financial reporting purposes. Any of these conditions could ultimately harm our overall business, prospects, operating results, financial condition and cash flows.

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

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

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

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

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

The costs of raw materials and energy represent a substantial portion of our operating expenses. Energy costs generally follow price trends of crude oil and natural gas. These price trends may be highly volatile and cyclical. In the past, raw material and energy costs have experienced significant fluctuations that adversely affected our business segments' results of operations. For example, we continue to benefit from the favorable ratio of U.S. natural gas prices to crude oil prices. However, if the price of crude oil decreases relative to U.S. natural gas prices, this may have a negative result on our results of operations. Moreover, fluctuations in currency exchange rates can add to this volatility.

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

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

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

If our raw material or utility supplies were disrupted, our businesses may incur increased costs to procure alternative supplies or incur excessive downtime, which would have a direct negative impact on plant operations. For example, hurricanes have in the past negatively affected crude oil and natural gas supplies, as well as supplies of other raw materials, utilities (such as electricity and steam), and industrial gases, contributing to increases in operating costs and, in some cases, disrupting production and causing lost profit opportunities. In addition, hurricane-related disruption of vessel, barge, rail, truck and pipeline traffic in the U.S. Gulf Coast area would negatively affect shipments of raw materials and product.

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

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

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

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

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

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

We obtain a substantial portion of our principal raw materials from sources in North Africa, the Middle East, and South America that may be less politically stable than other areas in which we conduct business, such as Europe or the U.S. Political instability, civil disturbances and actions by governments in these areas are likely to substantially increase the price and decrease the supply of feedstocks necessary for our operations, which will have a material adverse effect on our results of operations.

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

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

We own and operate large-scale facilities. Our operating results are dependent on the continued operation of our various production facilities and the ability to complete construction and maintenance projects on schedule. Interruptions at our facilities may materially reduce the productivity and profitability of a particular manufacturing facility, or our business as a whole, during and after the period of such operational difficulties. In the past, we had to shut down plants on the U.S. Gulf Coast, including the temporary shutdown of our Houston refinery, as a result of hurricanes striking the Texas coast.

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

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

- pipeline leaks and ruptures;
- explosions;
- fires;
- severe weather and natural disasters;
- mechanical failure;
- unscheduled downtimes;
- supplier disruptions;

- labor shortages or other labor difficulties;
- transportation interruptions;
- transportation accidents;
- remediation complications;
- chemical and oil spills;
- discharges or releases of toxic or hazardous substances or gases;
- storage tank leaks;
- other environmental risks; and
- terrorist acts.

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

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

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

Further, because a part of our business involves licensing polyolefin process technology, our licensees are exposed to similar risks involved in the manufacture and marketing of polyolefins. Hazardous incidents involving our licensees, if they do result or are perceived to result from use of our technologies, may harm our reputation, threaten our relationships with other licensees and/or lead to customer attrition and financial losses. Our policy of covering these risks through contractual limitations of liability and indemnities and through insurance may not always be effective. As a result, our financial condition and results of operation would be adversely affected, and other companies with competing technologies may have the opportunity to secure a competitive advantage.

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

We have identified an agreement related to a former project in Kazakhstan under which a payment was made 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 penalties or sanctions that could be material to us.

Our operations could be adversely affected by labor relations.

The vast majority of our employees located in Europe and South America are represented by labor unions and works councils. Approximately 900 of our employees located in North America are represented by labor unions. Of the represented North American employees, approximately 50% include our employees that are subject to a collective bargaining agreement between Houston Refining LP and the United Steelworkers Union, which agreement will expire on 31 January 2015.

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

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

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

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

- emissions to the air;
- discharges onto land or surface waters or into groundwater; and
- the generation, handling, storage, transportation, treatment, disposal and remediation of hazardous substances and waste materials.

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

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

Our industry is subject to extensive regulation. Existing or future regulations may restrict our operations, increase our costs of operations or require us to make additional capital expenditures and failure to comply with regulations may cause us to incur significant expenses or affect our ability to operate.

We are subject to extensive government regulation in the form of national, state and local laws and regulations. These laws and regulations govern all aspects of the operation of our facilities and the transportation and sales of our products. We generally expect that regulatory controls worldwide will become increasingly more demanding and expensive, but cannot accurately predict future developments.

In addition, we are required by various governmental and quasi-governmental agencies to obtain permits, licenses and certificates with respect to our operations. These permits and licenses are subject to renewal, modification and in some circumstances, revocation. Further, the permits and licenses are often difficult, time consuming and costly to obtain and could contain conditions that limit our operations.

Our failure to comply with regulatory requirements or obtain or maintain necessary permits, licenses and authorizations for the conduct of our business could result in fines or penalties, which may be significant. Additionally, any such failure could restrict or otherwise prohibit certain aspects of our operations, which could adversely affect our results of operations.

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

There has been a broad range of proposed or promulgated state, national and international laws focusing on greenhouse gas ("GHG") reduction. These proposed or promulgated laws apply or could apply in countries where we have interests or may have interests in the future. Laws in this field continue to evolve and, while they are likely to be increasingly widespread and stringent, at this stage it is not possible to accurately estimate either a timetable for implementation or our future compliance costs relating to implementation. Within the framework of EU emissions trading, we were allocated certain allowances of carbon dioxide per year for the affected plants of our European sites for the 2005 to 2007 period. For the second trading period (2008 to 2012), a number of our plants are included in the Europe-wide trading system. We expect to incur additional costs as a result of the existing emissions trading scheme and could incur additional costs in relation to any future carbon or other greenhouse gas emission trading schemes. The costs could be higher to the extent that we decide to sell credits that we need in the future.

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

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

The company's business, including its results of operations and reputation, could be adversely affected by process safety issues.

Failure to appropriately manage safety, human health, product liability and environmental risks associated with the company's products, product life cycles and production processes could adversely impact employees, communities, stakeholders, the company's reputation and its results of operations. Public perception of the risks associated with the company's products and production processes could impact product acceptance and influence the regulatory environment in which the company operates. While the company has procedures and controls to manage process safety risks, issues could be created by events outside of its control including natural disasters, severe weather events and acts of sabotage.

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

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

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

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

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

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

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

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

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

The U.S. Internal Revenue Service is examining the Company's federal income tax returns. As part of that review, the IRS is examining whether under Section 7874 of the Internal Revenue Code LyondellBasell Industries N.V. should be treated as a U.S. corporation for U.S. federal income tax purposes. The IRS also is examining whether Section 7874 alternatively applies to certain of the Company's intercompany transactions that would result in additional U.S. federal income tax of the Company's U.S. subsidiaries. Application of Section 7874 in either instance is dependent on the value of our shares issued at emergence from bankruptcy to former creditors of our top U.S. holding company and its direct and indirect subsidiaries in exchange for their claims against those entities. It further would require a determination that the Company is not conducting substantial business activities in The Netherlands.

Treatment of LyondellBasell Industries N.V. as a U.S. corporation would result in significantly increased tax liability because our worldwide income would be subject to U.S. federal income tax. Any such increase likely would have a material adverse effect on our earnings and cash flow. Application of Section 7874 to our intercompany transactions would, for the 10-year period post emergence, result in the imposition of additional U.S. federal income tax on certain gains of our U.S. subsidiaries from those transactions. The increased taxation of those gains would negatively affect our earnings and cash flows.

No assurance can be given that the IRS will not determine that Section 7874 is applicable to us. Further, there can be no assurances that any such position taken by the IRS would not be sustained.

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

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

Certain of our current pension plans have projected benefit obligations that exceed the fair value of the plan assets. As of 31 December 2011, the aggregate deficit was $1,079 million. Any declines in the fair values of the pension plans assets could require additional payments by us in order to maintain specified funding levels.

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

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

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

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

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

We have a significant worldwide patent portfolio of issued and pending patents. These patents, together with proprietary technical know-how, are significant to our competitive position, particularly with regard to PO, performance chemicals, petrochemicals, and polymers, including process technologies such as Spheripol, *Spherizone*, *Hostalen*, *Spherilene*, *Lupotech T* and *Avant* catalyst family technology rights. We rely on the patent, copyright and trade secret laws of the countries in which we operate to protect our investment in research and development, manufacturing and marketing. However, we may be unable to prevent third parties from using our intellectual property without authorization. Proceedings to protect these rights could be costly, and we may not prevail.

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

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

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

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

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

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

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

Additionally, from time to time certain aspects of our business processes may be outsourced to third parties. The processes, or the portions thereof, that are outsourced generally will tend to be labor intensive transactional activities such as processing invoices for account payable transactions. Although we make a diligent effort to ensure that all providers of outsourced services observe proper internal control practices and procedures, we cannot assure that failures will not occur. The failure of such third parties to provide adequate services could adversely affect our results of operations, liquidity, or our ability to provide adequate financial and management reporting.

Increased IT security threats and more sophisticated and targeted computer crime could pose a risk to our systems, networks, products, facilities and services.

Increased global IT security threats and more sophisticated and targeted computer crime pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. While we attempt to mitigate these risks by employing a number of measures, including employee training, comprehensive monitoring of our networks and systems, and maintenance of backup and protective systems, our systems, networks, products, facilities and services remain potentially vulnerable to advanced persistent threats. Depending on their nature and scope, such threats could potentially lead to the compromising of confidential information, improper use of our systems and networks, manipulation and destruction of data, defective products, production downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness and results of operations.

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

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

In the event that any of our joint venture partners do not observe their obligations, it is possible that the affected joint venture would not be able to operate in accordance with our business plans. As a result, we could be required to increase our level of commitment in order to give effect to such plans. Differences in views among the joint venture participants also may result in delayed decisions or in failures to agree on major matters, potentially adversely affecting the business and operations of the joint ventures and in turn our business and operations.

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

At 31 December 2011, we have approximately $4.0 billion of total consolidated debt. Our debt and the limitations imposed on us by our financing arrangements could:

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

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

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

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

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

As of 24 February 2012, two of our shareholders collectively own approximately 44% of our outstanding ordinary shares. Under Dutch law, there are no quorum requirements for shareholder voting and most matters are approved or adopted by a majority of votes cast. As a result, as long as these shareholders or any other substantial shareholder own, directly or indirectly, a substantial portion of our outstanding shares, they will be able to significantly influence all matters requiring shareholder approval, including amendments to our Articles of Association, the election of directors, significant corporate transactions, dividend payments and other matters. These shareholders may have interests that conflict with other stakeholders, including holders of our notes, and actions may be taken that other stakeholders do not view as beneficial.

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

Our success depends upon our ability to attract and retain key employees and the identification and development of talent to succeed senior management.

Our success depends on our ability to attract and retain key personnel, and we rely heavily on our management team. The inability to recruit and retain key personnel or the unexpected loss of key personnel may adversely affect our operations. In addition, because of the reliance on our management team, our future success depends in part on our ability to identify and develop talent to succeed senior management. The retention of key personnel and appropriate senior management succession planning will continue to be critically important to the successful implementation of our strategies.

1.9 Statement of the Board of Management

As the sole member of the Management Board of LyondellBasell Industries N.V., I hereby state that I am primarily responsible for the design, implementation and operation of the Company's internal risk management and control systems. The purpose of these systems is to adequately and effectively manage the significant risks to which the Company is exposed. Such systems can never provide absolute assurance regarding achievement of corporate objectives, nor can they provide an absolute assurance that material errors, losses, fraud and the violation of laws or regulations will not occur.

To comply with our duties in the area of internal risk management and control systems, we have initiated an enterprise risk management process.

This process initially involved the identification of the Company's programs and processes related to risk management, the individuals responsible for them, and a general review of industry benchmarking. Senior personnel were interviewed and surveys were completed by additional personnel requesting information regarding perceived risks to the Company. The results of these interviews and surveys were analyzed and a listing of unique risks was identified. The risks were also categorized in a manner that identified the specific Company strategies that could be impacted so that plans could be developed to address the risks to those strategies. The Company conducted a workshop with senior level personnel with broad risk management and/or risk oversight responsibilities. Tasks completed in the workshops included review of the listing of unique risks, assessments of their risk impact and probability, identification of the responsible risk owner, and the Company's effectiveness in mitigating or responding to the possible impact.

The results of these efforts were reported to the Management Board, which is responsible for the design of the risk management process, and the Supervisory Board, which is responsible for the oversight of the process.

The Company's major risks, as identified in accordance with the described process, have been assigned to senior management, who are responsible for analyses and action planning activities related to their assigned risks. Regular updates will be given to the Management Board and the Supervisory Board on all Company risks. In addition, the Audit Committee of the Supervisory Board is responsible for ensuring that an effective risk assessment process is in place, and quarterly reports are made to the Audit Committee on financial and compliance risks in accordance with requirements of the New York Stock Exchange.

We use various other measures to ensure compliance with our duties in the area of internal risk management and control systems, including:

- operational review meetings of the Management Board with LyondellBasell's senior management on financial performance and realization of operational objectives and responses to emerging issues;

- monthly meetings with LyondellBasell's Chief Executive Officer, Chief Financial Officer and senior finance management focusing on monthly financial figures and internal control evaluations;

- monthly and quarterly financial reporting, mainly to LyondellBasell's senior management;

- letters of representation that are signed by LyondellBasell's key personnel on a quarterly basis in which they confirm that for their responsible area and based upon their knowledge (i) an effective system of internal controls and procedures is maintained and (ii) the financial reports fairly present the financial position, results of operations and cash flows;

- assessments by LyondellBasell's Disclosure Committees with respect to the timely review, disclosure, and evaluation of periodic (financial) reports;

- discussions on management letters and audit reports provided by the Company's internal and external auditors within our Management Board and Supervisory Board;

- LyondellBasell's Code of Conduct;

- LyondellBasell's Financial Code of Ethics applicable to the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer;

- LyondellBasell's Ethics Hotline and whistleblower procedures; and

- LyondellBasell's Compliance programs and training, which facilitate the development of controls which will aid in prevention, deterrence and detection of fraud against LyondellBasell.

The Management Board acknowledges the importance of internal control and risk management systems. In August 2010, the Company started a project to establish a framework to properly manage internal controls over financial reporting so that it was in a position to report its assessment for the fiscal year ended 31 December 2011, as required by Section 404 of the Sarbanes-Oxley Act of 2002. The results of LyondellBasell's assessment of the effectiveness of this framework, which is based on the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") model, as well as significant changes and improvements, are regularly reported to and discussed with LyondellBasell's Audit Committee and external auditors. The Audit Committee reports about these subjects to the Supervisory Board on a regular basis.

Summary

Based on the outcome of the above-mentioned measures and to the best of its knowledge and belief, the Management Board states that:

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (principal executive officer) and our Chief Financial Officer (principal financial officer) has evaluated the effectiveness of our disclosure controls and procedures in ensuring that the information required to be disclosed in reports in accordance with International Financial Reporting Standards as adopted by the European Union that we file or submit to the Chamber of

Commerce in the Netherlands, as amended, is recorded, processed, summarized and reported within the time periods specified in the Dutch Law, including ensuring that such information is accumulated and communicated to management (including the principal executive and financial officers) as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive and financial officers have concluded that such disclosure controls and procedures were effective as of 31 December 2011, the end of the period covered by this annual report.

Changes in Internal Control over Financial Reporting

Management, together with our CEO and CFO, evaluated the changes in our internal control over financial reporting during the quarter ended 31 December 2011. We determined that there were several changes in our internal control over financial reporting during the quarter ended 31 December 2011, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. These include:

- implementation and use of new software systems to provide for a more consistent and unified approach to the preparation and presentation of tax data;
- engagement of external provider to assist the company with the preparation of the year-end provision using the re-designed provision process, and
- hiring key tax leadership positions, in particular a Chief Tax Officer and an experienced Tax Technology Senior Manager, to efficiently manage the new processes.

The establishment of LyondellBasell's internal control and risk management systems is based on the identification of external and internal risk factors that could influence the operational and financial objectives of the Company and contains a system of monitoring, reporting and operational reviews. All material risk management activities have been discussed with the Audit Committee and the Supervisory Board.

The Management Board,

/s/ James L. Gallogly
Rotterdam, 9 March 2012

2 Governance and Compliance

In this section we introduce our Supervisory Board and present their Report for 2011, as well as describing our remuneration and risk management policies. Details of our corporate governance structure can also be found in this section.

2.1 Report by the Supervisory Board

The business and general affairs of the Company and the management of the business of the Company by the Management Board are supervised by the Board of Supervisory Directors.

Our Supervisory Board currently has eleven members. Our Articles of Association provide that the Supervisory Board will consist of at least nine members and the Rules of the Supervisory Board provide that the Supervisory Board, in its sole discretion, shall determine the size of the Supervisory Board in accordance with and in order to comply with our Articles of Association, nomination agreements we have with certain shareholders and the listing standards of the New York Stock Exchange.

The NYSE listing standards require that we have a majority of independent directors. As discussed under "—Independence of Supervisory Board Members," a majority of our current eleven members are deemed independent.

Our Supervisory Board is divided into three classes, each consisting of approximately one-third of the total number of the members of the Supervisory Board. Robin Buchanan, Stephen F. Cooper, Robert G. Gwin and Marvin O. Schlanger are each Class II directors, whose terms expire at the Annual Meeting. Our Supervisory Board has nominated each of them for re-election.

The members of the Supervisory Board are elected by the general meeting of shareholders from a list that is drawn up by the Supervisory Board. Pursuant to our Articles of Association, the list is, in principle, binding and includes two candidates for each vacancy to be filled. The binding nature of the Supervisory Board's nomination may be overridden by a vote of two-thirds of the votes cast at the meeting if such two-thirds vote constitutes more than one-half of the issued share capital of the Company. In that case, shareholders would be free to cast their votes for persons other than those nominated below.

The table below shows the relevant information for each member of our Supervisory Board as of 29 March 2012. The current terms of Robin Buchanan, Stephen F. Cooper, Robert G. Gwin and Marvin O. Schlanger will expire at the Annual Meeting on 9 May 2012. Each is eligible for re-election, and the Supervisory Board has made binding proposals to re-elect them as Class II directors. The terms of the Class I directors will expire at the 2014 Annual General Meeting; the terms of Class II directors, following the 2012 Annual Meeting, will expire at the 2015 Annual General Meeting; and the terms of the Class III directors will expire at the 2013 Annual General Meeting.

Class II Directors

Director	Qualifications
Robin Buchanan, British, 59 Class II Supervisory Director since May 2011	
Chairman of Michael Page International plc, a specialist recruitment company, since December 2011 and director of Michael Page since	We believe that Mr. Buchanan's extensive knowledge and experience relating to business management,

August 2011.

Senior Advisor to Bain & Company, a global business consulting firm, since 2007.

Director of the Centre for Corporate Governance at the London Business School since 2009.

Advisor to Coller Capital Ltd., a private equity firm, since 2009.

Dean and then President of the London Business School, from 2007 to 2009.

Managing Partner and then the Senior Partner, Bain & Company Inc. UK and South Africa between 1990 and 2007.

Director of Schroders plc, a global asset management company, since 2010.

Director of Liberty International plc, a retail property company, from 1997 to 2008.

Director of Shire plc, a global specialty bio-pharmaceutical company, from 2003 to 2008.

finance and international board service, as well as his extensive experience in advising and consulting for companies in an array of industries, including in the industrial sector, among other skills, strengthens the Supervisory Board's collective qualifications, skills and experience.

Stephen F. Cooper, American, 65
Class II Supervisory Director since July 2010

Chief Executive Officer and Director of Warner Music Group Corp., a recorded music and music publishing business, since August 2011.

Advisor at Zolfo Cooper, a leading financial advisory and interim management firm, of which he is co-founder and former chairman, since 1982.

Managing Partner of Cooper Investment Partners, a private equity firm specializing in underperforming companies, since July 2008.

Vice Chairman and Chairman of the Restructuring Committee of LyondellBasell Industries AF S.C.A., the Company's predecessor, from 2009 to 2010.

Co-Chief Executive Officer and Vice Chairman of Metro-Goldwyn-Mayer, a privately held motion picture and theatrical production and distribution company, from August 2009 to January 2011.

Chief Executive Officer of Hawaiian Telcom, a provider of phone, internet and wireless communication services to Hawaii, from

Mr. Cooper has more than thirty years of experience as a financial advisor and interim executive and advisor to companies facing operational and performance issues. We believe his substantial and expansive experience in various industries provides him with significant expertise in all aspects of supervising management of large, complex companies.

February 2008 to June 2008.

Chairman of the Board of Collins & Aikman, which designed, engineered and manufactures automotive components, systems and modules, from July 2005 to October 2007.

Robert G. Gwin, American, 48 Supervisory Director since May 2011	
Senior Vice President, Finance and Chief Financial Officer of Anadarko Petroleum Corporation, an oil and gas exploration and production company, since 2009. Senior Vice President of Anadarko Petroleum from 2008 to 2009. Vice President, Finance and Treasurer of Anadarko Petroleum from 2006 to 2008. Director of Western Gas Holdings, the general partner of Western Gas Partners, an owner, operator and developer of midstream energy assets, since 2007 and Chairman since October 2009. Chief Executive Officer of Western Gas Holdings from 2007 to 2010. President of Western Gas Holdings, the general partner of Western Gas Partners, an owner, operator and developer of midstream energy assets, from 2007 to 2009.	We believe that Mr. Gwin's skills and knowledge relating to the oil and gas industry, finance, public company board experience and executive management expertise, among other skills, strengthen the Supervisory Board's collective qualifications, skills and experience.
Marvin O. Schlanger, American, 63 Supervisory Director since April 2010	
Principal of Cherry Hill Chemical Investments, LLC, a firm that provides management services and capital to the chemical industry, since 1998. Chairman of CEVA Group Plc, a global supply chain management company, since 2009. Director of Momentive Performance Materials Holdings, a specialty chemicals and materials company, since 2010. Director of UGI Corporation, a distributer and marketer of energy products and services, and its subsidiary, UGI Utilities Inc., since 1998 and its subsidiary Amerigas, since 2009. Consultant to Apollo Management LLP. Vice Chairman of Hexion Specialty Chemicals, a specialty chemicals and materials company (acquired by Momentive Performance in	Mr. Schlanger has significant senior management experience as Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer of Arco Chemical Company, a large public chemical company, as well as experience serving as chairman, director and committee member of the boards of directors of large public and private international companies, including his experience representing a major private equity firm's shareholder interest.

2010), from 2005 to 2010.

Chairman of Covalence Specialty Materials Corp., which was merged into Berry Plastics in 2007, from 2006 to 2007.

Class I Directors

Director	Qualifications
Jagjeet S. Bindra, American, 64 Class I Supervisory Director since May 2011	
Director of Edison International, a generator and distributor of electric power, and its subsidiary, Southern California Edison Co., an electric utility company, since April 2010. Director of Transocean Ltd., an offshore drilling contractor and the provider of drilling management services, since 2011. Director of Larsen & Toubro, a technology, engineering, construction and manufacturing company, since 2009. Director of Transfield Services, a global provider of operations, maintenance and asset and project management services, since 2009 and Deputy Chairman since 2011. President, Chevron Global Manufacturing, Chevron Corp.'s worldwide manufacturing division, from 2004 to 2009. Director of Advisory Board of Hart Energy Consulting, an energy industry publisher, from 2009 to 2010. Director of GS Caltex, a South Korean oil refiner, from 2003 to 2009. Director of Sriya Innovations, an alternative energy firm, from 2009 to 2010. Director of Reliance Petroleum Limited, a petroleum refiner and marketer, from 2006 to 2007.	We believe that Mr. Bindra's extensive knowledge and global experience in asset intensive industries, as well as his expertise in energy value chain and asset management, among other skills, strengthens the Supervisory Board's collective qualifications, skills and experience.
Milton Carroll, American, 61 Class I Supervisory Director since July 2010	
Chairman of CenterPoint Energy, a public utility holding company, since 2002. Chairman of Instrument Products, a private oil-tool manufacturing	Mr. Carroll has extensive knowledge of the oil and natural gas industries, corporate management, international operations, public company governance and board practices, among other skills,

company, since 1977. Director of Halliburton, an oilfield services company, since 2006. Director of Health Care Service Corporation, a health benefits company, since 1998. Director of Western Gas Holdings, the general partner of Western Gas Partners, an owner, operator and developer of midstream energy assets, since 2008. Director of LRR Energy, L.P., since 2011. Director of Devon Energy, an oil and gas exploration and production company. Director of EGL, Inc., a global logistics and supply chain management company, from 2003 to 2007.	that strengthen the Supervisory Board's collective qualifications, skills and experience.
Rudy van der Meer, Dutch, 67 Class I Supervisory Director since July 2010	
Chairman of Supervisory Board of Imtech N.V., a technical services provider, since 2005. Chairman of Supervisory Board of Energie Beheer Nederland B.V., a Dutch state owned natural gas exploration, production, transportation and sale company, since 2006. Supervisory Director of James Hardie Industries S.E., an industrial fibre cement products and systems manufacturer, since 2007. Chairman of the Supervisory Board of Coöperatie UVIT U.A., a health insurer, since 2011. Chairman of Supervisory Board of Gazelle Holding B.V., a bicycle manufacturing company, from 2005 to 2011. Supervisory Director of ING Nederland N.V, retail banking and insurance subsidiaries, respectively, of ING Groep N.V., from 2004 to 2011. Supervisory Director of Hagemeyer N.V., a distribution services focusing on electrical materials, safety and other maintenance, repair and operations products, from 2006 to 2008. Chairman of Supervisory Board of Norit International B.V., a global water purification technology and applications company, from 2005	Mr. van der Meer has extensive knowledge of global businesses, Dutch companies, and the chemicals industry, among other skills, which strengthen the Supervisory Board's collective qualifications, skills and experience.

to 2007.

Class III Directors

Director	Qualifications
Jacques Aigrain, French-Swiss, 57 Class III Supervisory Director since May 2011	
Chief Executive Officer of SwissRe, a global reinsurance company, from 2006 to 2009. Chairman of LCH Clearnet Group, Limited, an independent clearinghouse group, since 2010. Director of Swiss International Air Lines, since December 2001. Director of Lufthansa German Airlines, since September 2007. Director of Resolution Ltd., a financial services company that acquires businesses in the insurance industry, since February 2010.	Mr. Aigrain has extensive operational and management expertise, as well as considerable experience with international companies and board service, among other skills, that strengthen the Supervisory Board's collective qualifications, skills and experience.
Joshua J. Harris, American, 47 Class III Supervisory Director since April 2010	
Senior Managing Director of Apollo Global Management, LLC, a global alternative asset manager, and Managing Partner of Apollo Management, L.P., which he co-founded in 1990. Director of the general partner of AP Alternative Assets, Apollo Global Management, LLC, Berry Plastics Group Inc., manufacturer of injection-molded plastic packaging, thermoformed products, flexible films and tapes and coatings, CEVA Logistics, a global logistics and transportation company and Momentive Performance Materials Holdings LLC, a producer of silicones and silicone derivatives. Previously served as a director of: Covalence Specialty Materials, a specialty chemicals company (acquired by Berry Plastics in 2007) from 2006 to 2007. Verso Paper, a producer of coated paper and specialty paper products, and Verso Paper Holdings, an indirect subsidiary of Verso Paper, from 2006 to 2008 Metals USA Holdings Corp., a provider of processed carbon steel, stainless steel, aluminum, red metals and manufactured metal components, and its wholly owned subsidiary, Metals USA, Inc.,	Mr. Harris has significant experience in financing, analyzing, investing in and managing investments in public and private companies. Mr. Harris has substantial expertise in strategic and financial matters that inform his contributions to our supervisory board and enhance his oversight and direction of us. Mr. Harris' service as a director of other companies in a variety of industries gives him a range of experience as a director on which he can draw in serving as our director and augments his knowledge of effective corporate governance.

from 2005 to 2008.

Nalco Corporation, a sustainability services company focused on industrial water, energy and air applications, from 2003 to 2007.

United Agri Products Inc., a distributer agricultural inputs and noncrop products, from 2003 to 2007.

Quality Distribution, Inc., transporter of bulk chemicals in North America, from 1998 to 2007.

Noranda Aluminum Holding Corporation, a producer of primary aluminum products and rolled aluminum coils, from 2007 to 2009.

Scott M. Kleinman, American, 39
Class III Supervisory Director since April 2010

Lead Partner for Private Equity of Apollo Management, LP, a global alternative asset manager, where he has worked since 1996.

Director of Taminco Global Chemical Corp. since February 2012.

Director of Verso Paper, a producer of coated paper and specialty paper products, since August 2006.

Director of Realogy Corporation, a provider of residential real estate and relocation services, since April 2007.

Director of Momentive Performance Materials, a producer of silicones and silicone derivatives, since October 2010.

Director of Hexion Specialty Chemicals, a specialty chemicals and materials company, from August 2004 to October 2010 (acquired by Momentive Performance in 2010).

Director of Noranda Aluminum, a producer of aluminum products, from April 2007 through June 2011.

Mr. Kleinman has significant experience in financing, analyzing, investing in and managing investments in public and private companies. Mr. Kleinman's service as a director of other companies in a variety of industries gives him a range of experience as a director on which he can draw in serving as our director and augments his knowledge of effective corporate governance.

Bruce A. Smith, American, 68
Class III Supervisory Director since July 2010

Chief Executive Officer of One Cypress Energy LLC, a petroleum products logistics provider, since 2011.

Chairman of Tesoro Corporation, a manufacturer and marketer of petroleum products, from 1996 to 2010. President and Chief Executive Officer of Tesoro from 1995 – 2010.

Director of GEVO, Inc., a renewable chemicals and advanced

Mr. Smith has extensive senior leadership experience in the refining and marketing industry, substantial management background in publicly traded companies and previous experience serving as a director and chairman of the audit and compensation committees of publicly traded

biofuels company, since June 2010.

Director of Noble Energy, an independent energy company, from 2002 to 2008.

companies.

Board Leadership Structure

The Company maintains a two-tier governance structure, consisting of a Management Board, responsible for the management of the Company, and a Supervisory Board, responsible for the general oversight of the Management Board. The Management Board may consist only of directors who are executive officers of the Company and the Supervisory Board of non-employee directors.

James L. Gallogly, our Chief Executive Officer, is currently the sole member of our Management Board and is not a member of the Supervisory Board. Our Articles of Association provide that to the extent there is only one member of the Management Board, such member must be our CEO. The principal responsibility of members of the Management Board is to manage LyondellBasell, which means, among other things, that it is responsible for implementing LyondellBasell's aims and strategy, managing the Company's associated risk profile, operating the business and addressing corporate responsibility issues relevant to the enterprise. The Supervisory Board oversees the policies of the Management Board and the general course of business and related business enterprises. Marvin O. Schlanger is the Chairman of the Supervisory Board.

Our two-tier board structure allows our CEO to focus on managing our day-to-day business, including achieving our aims, strategy and risk profile, and results of operations. It also allows Mr. Schlanger, as non-executive Chairman of the Supervisory Board, to lead the Supervisory Board in its fundamental role of supervising the policies of the Management Board and the general affairs of the Company as well as providing advice to the Management Board.

The Supervisory Board believes this separation of responsibilities is appropriate for LyondellBasell not only because of the size and composition of the Supervisory Board, the scope and complexity of the Company's operations, and the responsibilities of the Supervisory Board and management, but also as a demonstration of our commitment to good corporate governance.

Role in Risk Oversight

While the Company's management is responsible for the day-to-day management of risks to the Company, the Supervisory Board has broad oversight responsibility for the Company's risk management programs. In this oversight role, the Supervisory Board is responsible for satisfying itself that the risk management processes designed and implemented by the Company's management are functioning well and that necessary steps are taken to foster a culture of risk-adjusted decision-making throughout the organization. The primary means by which our Supervisory Board oversees our risk management structures and policies is through its regular communications with management. The Company believes that its leadership structure is conducive to sound risk management, and that the Supervisory Board's involvement is appropriate to ensure effective oversight.

The Supervisory Board and its committees meet in person approximately six times a year, including one meeting that is dedicated specifically to strategic planning. At each of these meetings, our Chief Executive Officer, Chief Financial Officer and Chief Legal Officer are asked to report to the Supervisory Board and, when appropriate, specific committees. Additionally, other members of management and employees periodically are requested to attend meetings and present information. One of the purposes of these presentations is to provide direct communication between members of the Supervisory Board and members of management. The presentations

provide members of the Supervisory Board with the information necessary to understand the risk profile of the Company, including information regarding the specific risk environment, exposures affecting the Company's operations and the Company's plans to address such risks. In addition to information regarding general updates to the Company's operational and financial condition, management reports to the Supervisory Board about the Company's outlook and forecasts, and any impediments to meeting those or its pre-defined strategies generally. These direct communications between management and the Supervisory Board allow the Supervisory Board to assess management's evaluation and management of the day-to-day risks of the Company.

In carrying out its oversight responsibility, the Supervisory Board has delegated to individual Board committees certain elements of its oversight function. The Audit Committee provides oversight of the integrity of the Company's financial statements; the Company's independent accountants' qualifications and independence; the performance of the Company's internal audit function, independent accountants and the Company's compliance program; and the Company's system of disclosure and internal controls. The Compensation Committee monitors the Company's compensation structure to discourage risks inconsistent with the interests of our shareholders. The Nominating & Governance Committee reviews policies and practices in the areas of corporate governance; considers the overall relationship of the Supervisory Board to the Company's management; and develops, reviews and recommends governance guidelines applicable to the Company. The Health, Safety and Environmental ("HSE") Committee reviews and monitors compliance with health, safety and environmental matters affecting the Company.

The Company has an enterprise risk management process, which is coordinated by the Company's Director of Risk Management. This process involves the identification of the Company's programs and processes related to risk management, and the individuals responsible for them. Included in the process is a self-assessment survey requesting information regarding perceived risks to the Company completed by senior personnel, with follow-up interviews with members of senior management to review the responses. The information gathered is tailored to coordinate with the Company's strategic planning process such that the risks can be categorized in a manner that identify the specific Company strategies that may be jeopardized and plans can be developed to address the risks to those strategies.

The results of these efforts are reported to the Audit Committee of the Supervisory Board, which is responsible for overseeing the design of the risk assessment process. Regular updates are given to the Supervisory Board on material risks. In addition, the Audit Committee is responsible for ensuring that an effective risk assessment process is in place, and quarterly reports are made to the Audit Committee on all financial and compliance risks in accordance with New York Stock Exchange requirements.

Independence of Supervisory Board Members

The Supervisory Board has determined that each of the following six directors is independent in accordance with the NYSE listing standards and the Dutch Corporate Governance Code:

- Jacques Aigrain
- Jagjeet S. Bindra
- Milton Carroll
- Robert G. Gwin
- Bruce A. Smith

- Rudy van der Meer

Messrs. Buchanan, Cooper, Harris, Kleinman and Schlanger are not considered independent, as described below. Jeffrey S. Serota, a Senior Partner at Ares Management LLC, resigned from the Supervisory Board effective 18 May 2011. Mr. Serota was not considered independent based on relationships between the Company and Ares Management.

To assist in determining independence, the Supervisory Board adopted categorical standards of director independence, which meet or exceed the requirements of both the NYSE and the Dutch Corporate Governance Code. These standards specify certain relationships that must be avoided in order for directors to be deemed independent.

The categorical standards our Supervisory Board uses in determining independence are included in our Corporate Governance Guidelines, which can be found on our website, at www.lyondellbasell.com. The Supervisory Board has determined that each of the six directors listed above meets these categorical standards and that there are no other relationships that would affect the independence of these individuals. The Supervisory Board considered certain transactions conducted in the ordinary course of business between the Company and Anadarko Petroleum for the purchase of natural gas liquids, in determining that Mr. Gwin is independent.

The Company is party to nomination agreements with affiliates of Access Industries and Apollo Management, each of which is a substantial shareholder of the Company. Pursuant to the nomination agreements, each entity has the right to select individuals for nomination to our Supervisory Board based on certain share ownership levels. Messrs. Buchanan, Cooper, Harris, Kleinman and Schlanger were selected for nomination to our Supervisory Board based on these agreements.

Each of Access and Apollo played significant roles in the bankruptcy proceedings of our predecessor, LyondellBasell Industries, AF S.C.A. Access was the beneficial owner of our predecessor company until the emergence from bankruptcy proceedings in 2010. Additionally, affiliates of Access were party to a management agreement with Basell AF S.C.A., the predecessor of LyondellBasell AF S.C.A., pursuant to which the Access affiliates provided management services to the company. Apollo held significant amounts of the predecessor's debt and, as a result, exerted significant influence in the bankruptcy proceedings. Additionally, each of Access and Apollo were parties to an equity commitment agreement. Under that agreement, Access and Apollo provided a backstop for a significant portion of the Company's emergence financing, for which they were paid fees of $20.1 million and $37.9 million, respectively. In connection therewith, they each requested and received the above mentioned nomination rights as well as registration rights with respect to certain of the securities they received in the bankruptcy proceedings.

The information below describes the results of the analyses conducted to determine the independence of the directors named in the table:

Apollo Designated Directors	
Joshua J. Harris……………………	Mr. Harris is a founding Managing Partner of Apollo Management LLC. Given the relationships between Apollo and the Company described above, and his designation to the Supervisory Board by Apollo, the Supervisory Board has determined that he is not independent.
Scott M. Kleinman…………………	Mr. Kleinman is Lead Partner for Private Equity at Apollo Management. Given the relationships between Apollo and the Company described above, and his designation to the Supervisory Board by Apollo, the Supervisory Board has determined he is not independent.
Marvin O. Schlanger………………	Mr. Schlanger is affiliated with Apollo, and receives compensation from Apollo for certain services. Given the relationships between Apollo and the Company described above, and his designation to the Supervisory Board by Apollo, the Supervisory Board has determined that he is not independent.
Access Designated Directors	
Robin Buchanan	Mr. Buchanan has served as a consultant to Access. As a result, given his designation to the Supervisory Board by Access, and the relationships between Access and the Company described above, Mr. Buchanan cannot be deemed independent under our categorical standards.
Stephen F. Cooper	Mr. Cooper was recruited by our predecessor company to serve as Vice Chairman of its Supervisory Board and as Chairman of its Restructuring Committee given Mr. Cooper's vast experience in reorganization proceedings. The Remuneration Committee of the Company's predecessor determined to pay Mr. Cooper a fee of $9.75 million in April 2010 in addition to his regular board fees, which was approved by the bankruptcy court, for his contribution in assisting the predecessor in its bankruptcy proceedings. Additionally, Mr. Cooper is the Chief Executive Officer and a director of Warner Music Group, a company that is owned by Access. As a result of the above payment, his position as an employee of an Access owned company, his designation to the Supervisory Board by Access, and given the relationships between Access and the Company described above, the Supervisory Board has determined that he is not independent.

Meetings and Board Committees

The Supervisory Board held 11 meetings in 2011, including regularly scheduled meetings, special meetings and informational and orientation meetings. Each of the Supervisory Directors attended at least 75% of the meetings of the Supervisory Board and of each committee of which he was a member. The Company does not maintain a policy regarding Supervisory Board members' attendance at its annual general meetings.

The Supervisory Board has four standing committees to assist it in the execution of its responsibilities. The committees are the Audit Committee, the Nominating & Governance Committee, the Compensation Committee and the HSE Committee. The charter of each committee states that it will be composed of a minimum of three members of the Supervisory Board. Each committee functions under a charter adopted by the Supervisory Board as described below.

Audit Committee

The current members of the Audit Committee are Mr. Smith (Chairman) and Messrs. Aigrain and Gwin. Each member satisfies the additional NYSE independence standards for audit committees.

SEC rules require that we have at least one financial expert on our Audit Committee. Our Supervisory Board has determined that Messrs. Smith, Aigrain and Gwin are all Audit Committee financial experts for purposes of the SEC's rules. The determination was based on a thorough review of their education and financial and public company experience. The Supervisory Board has also determined that each member of the Audit Committee possesses the necessary level of financial literacy required to enable them to serve effectively as Audit Committee members.

Set forth below is the information considered in determining that Messrs. Smith, Aigrain and Gwin are all financial experts.

Mr. Smith previously served as the Chief Financial Officer of Tesoro Corporation, a Fortune 100 manufacturer and marketer of petroleum products. He also served as the Chairman, President and Chief Executive Officer of Tesoro. Before joining Tesoro, Mr. Smith served in various financial positions, including Treasurer of Valero Energy Corporation, manager of a division of Continental Illinois National bank and Trust and a financial analyst at Ford Motor Company. Mr. Smith also holds a master's degree in business administration with a concentration in finance from Kansas State University.

Mr. Aigrain has held various financial and executive positions, including as Head of the Financial Services Business Group and Member of the Executive Board Committee of SwissRe. Mr. Aigrain was Chief Executive Officer of SwissRe from 2006 to 2009. Mr. Aigrain started his career with JPMorgan in 1981 and had various functions in investment banking in London, Paris and New York, including co-head, and eventually co-head of investment banking client coverage. He was also a member of JPMorgan's Investment Bank management committee. Mr. Aigrain received a PhD in economics in 1981, from the Sorbonne in France and a masters degree in economics from Dauphine University.

Mr. Gwin is currently Senior Vice President, Finance and Chief Financial Officer of Anadarko Petroleum Corporation where he has served in various financial positions since 2006. Mr. Gwin previously was Managing Director of Prudential Capital Group, responsible for its energy investing activities worldwide, including management of a portfolio of private debt, mezzanine and equity investments of over $13 billion, gaining significant and detailed experience in corporate and project finance, financial analysis, and institutional investment management. His educational background includes a B.S. in Business Administration (Finance) from the University of Southern California, an MBA (with an emphasis in finance) from Duke University, and earning the Chartered Financial Analyst (CFA) designation.

Mr. Smith serves on one public company audit committee in addition to ours.

The Audit Committee met seven times during 2011. In 2011, the Audit Committee spent substantial time discussing the Company's internal audit function, including staffing and budget matters for the internal audit function, as well

as the significant findings of the internal audit group. Additionally, the Audit Committee reviewed with the Company's Chief Compliance Officer the Company's compliance program and the budget and staffing for the effective workings of the compliance function. The Audit Committee also reviewed with the Management Board and the Chief Financial Officer and others within the Company the Company's consolidated financial statements. Additionally, the Audit Committee met with the Company's independent auditors, both in the presence of management and in executive session, to discuss the Company's accounts and financial statements. The Audit Committee generally is responsible for overseeing all matters relating to our financial statements and reporting; internal audit function and independent auditors; and our compliance function. As part of its function, the Audit Committee reports the results of its activities to the full Supervisory Board. Listed below are the general responsibilities of the Audit Committee. The Audit Committee's duties are set forth in a written charter that was approved by the Supervisory Board. A copy of the charter can be found on our website, at www.lyondellbasell.com.

Administrative Responsibilities

- Report to the Supervisory Board, at least annually, all public company audit committee memberships by members of the Audit Committee;

- Perform an annual review of its performance relative to its charter and report the results of its evaluation to the full Board;

Independent Auditor

- Engage an independent auditor, determine the auditor's compensation and replace the auditor if necessary;

- Review the independence of the independent auditor and establish our policies for hiring current or former employees of the independent auditor;

- Evaluate the lead partner of our independent audit team and review a report, at least annually, describing the independent auditor's internal control procedures;

- Pre-approve all services, including non-audit engagements, provided by the independent auditor;

Internal Audit

- Review the plans, staffing, reports and activities of the internal auditors;

- Review significant difficulties and disagreements with management encountered by the internal audit department and review the effectiveness of the internal audit function;

Financial Statements

- Review financial statements with the management and the independent auditor;

- Review earnings press releases and discuss with management the type of earnings guidance, if any, that we provide to analysts and rating agencies;

- Discuss with the independent auditor any material changes to our accounting principles and matters required to be communicated under Statement on Auditing Standards No. 61 relating to the conduct of the audit;

- Review our financial reporting, accounting and auditing practices with management, the independent auditor and our internal auditors;

- Review management's and the independent auditor's assessment of the adequacy and effectiveness of financial reporting controls;

Compliance

- Review the plans, staffing, reports and activities of the compliance function;

- Review significant difficulties and disagreements with management encountered by the compliance department and review the effectiveness of the compliance function;

- Establish procedures for receiving, retaining and handling complaints, including anonymous complaints by our employees, regarding accounting, internal controls and auditing matters; and

- Periodically review the Company's Code of Conduct and ensure management has established a system to monitor and enforce the Code of Conduct.

Compensation Committee

The current members of the Compensation Committee are Messrs. Carroll (Chairman), Aigrain, Bindra and van der Meer. Each member is independent in accordance with the rules and regulations of the NYSE.

The Compensation Committee met six times in 2011. In 2011, the Compensation Committee discussed in detail the Company's compensation philosophy and its programs that are designed to put the philosophy into practice. The Compensation Committee also reviewed with the Management Board and other Company personnel the compensation of senior management of the Company and employees generally, and made determinations related to the Company's short term incentive programs and merit increases. The Compensation Committee is responsible for overseeing all of our executive compensation and developing the Company's compensation philosophy generally. The Compensation Committee's written charter, which was approved by the Supervisory Board, can be found on our website, at www.lyondellbasell.com. In fulfilling its duties as set forth in the charter, the Compensation Committee has the following responsibilities:

- Establish and review the compensation philosophy, structure, policies and guidelines for the executive officers and senior management of the Company for recommendation to the Supervisory Board;

- Review periodically the objectives of the Company's executive compensation consistent with corporate objectives and shareholder interests;

- Approve the compensation and benefits of the Company's executive officers;

- Approve U.S. multi-employer welfare, pension or benefit plan or arrangement established or maintained by a labor organization (including without limitation any multi-employer trust providing retirement benefits);

- Review periodically reports from management regarding funding of the Company's pension and other benefit plans;

- Review and approve corporate goals and objectives relating to Chief Executive Officer compensation, and evaluate the performance of the Chief Executive Officer in light of the corporate goals and objectives;

- Incorporate the performance evaluation results in setting the Chief Executive Officer's compensation level and make compensation decisions for all senior officers of the Company, including the Chief Executive Officer, and review these decisions with the Supervisory Board; and

- Conduct an annual self-evaluation.

In overseeing compensation matters, the Compensation Committee may delegate authority for day-to-day administration and interpretation of the Company's plans, including selection of participants, determination of award levels within plan parameters, and approval of award documents, to Company employees. However, the Compensation Committee may not delegate any authority under those plans for matters affecting the compensation and benefits of the executive officers.

Nominating & Governance Committee

The current members of the Nominating & Governance Committee are Messrs. Smith (Chairman), Carroll and Gwin. Each member is independent in accordance with the rules and regulations of the NYSE.

The Nominating & Governance Committee met seven times during 2011. The Nominating & Governance Committee performed substantial work during 2011 in identifying appropriate and suitable candidates for nomination at the Annual Meeting, discussing compensation of the Supervisory Board and planning for evaluations of the Supervisory Board and its committees. One of the primary responsibilities of the Nominating & Governance Committee is to identify nominees for election to the Supervisory Board. The Supervisory Board has nominated Messrs. Buchanan, Cooper, Gwin and Schlanger for election at the Annual Meeting.

The Nominating & Governance Committee has a written charter that has been approved by the Supervisory Board and can be viewed by accessing our website, at www.lyondellbasell.com. It is the duty of the Nominating & Governance Committee to oversee matters regarding corporate governance. In fulfilling its duties, the Nominating & Governance Committee has the following responsibilities:

- Reviewing the overall effectiveness of the Supervisory Board and the Management Board and the conduct of their business;

- Coordinating an evaluation by the directors of the Supervisory Board's and committees' (including this Committee's) performances and procedures;

- Reviewing individual directors' performance as a part of the process for recommending nominees to the Supervisory Board;

- Reviewing the Company's corporate governance profile and make recommendations to the Supervisory Board;

- Recommending to the Supervisory Board compensation to be paid to non-employee directors;

- Reviewing any shareholder proposals received by the Company for inclusion in the Company's proxy statement; and

- Identifying and recommending to the Supervisory Board candidates for membership on the Supervisory Board.

Potential director candidates are identified through various methods. The Nominating & Governance Committee welcomes suggestions from directors, members of management, and shareholders. From time to time, the Nominating & Governance Committee uses outside consultants to assist in identifying potential director candidates. For all potential candidates, the Nominating & Governance Committee considers all factors it deems relevant, such as a candidate's personal and professional integrity and sound judgment, business and professional skills and experience, independence, possible conflicts of interest, diversity, and the potential for effectiveness, in conjunction with the other directors, to serve the long-term interests of the Company's stakeholders. While there is no formal policy with regard to consideration of diversity in identifying director nominees, the Committee considers diversity in business experience, professional expertise, gender and ethnic background, along with various other factors when evaluating potential director nominees.

Before being recommended by the Nominating & Governance Committee, director candidates are interviewed by the Chief Executive Officer; a minimum of two members of the Nominating & Governance Committee; and the Chairman of the Supervisory Board. Additional interviews may include other members of the Supervisory Board, representatives from senior levels of management and an outside consultant.

The Supervisory Board intends to maintain a manageable size of the Supervisory Board as stated in our Corporate Governance Guideline. However, if shareholders which have nomination agreements with the Company acquire additional shares of the Company, entitling them to nominate additional directors, the Supervisory Board will increase its size as necessary to ensure there are a majority of independent members. The Nominating & Governance Committee considers all potential nominees for vacancies on their merits without regard to the source of recommendation.

The Nominating & Governance Committee believes that the nominating process will and should continue to involve significant subjective judgments. To suggest a nominee, you should submit your candidate's name, together with biographical information and his written consent to nomination to the Chairman of the Nominating & Governance Committee at the Company's administrative offices, c/o Lyondell Chemical Company, 1221 McKinney Street, Suite 700, Houston Texas 77010, not less than 120 calendar days before the one year anniversary of the date of the Company's proxy statement released to shareholders in connection with the previous year's annual meeting

HSE Committee

The current members of the HSE Committee are Messrs. van der Meer (Chairman), Bindra and Schlanger. The HSE Committee met five times during 2011. During 2011, the HSE Committee performed an in-depth review of the Company's health, safety and environmental programs. It also reviewed and discussed the Company's HSE audit program and the findings under the program. Finally, the HSE Committee discussed with Company personnel the Company's key risks and areas of changing legislation. The HSE Committee has a written charter that can be reviewed by accessing our website, at www.lyondellbasell.com. It is the duty of the HSE Committee to assist the Supervisory Board in its oversight responsibilities by assessing the effectiveness of environmental, health and safety programs and initiatives that support the health, safety and environmental policy of the Company. In fulfilling its duties, the HSE Committee has the following responsibilities:

- Review the status of the Company's health, safety and environmental policies and performance, including processes to ensure compliance with applicable laws and regulations;

- Review and monitor the Company's health, safety and environmental performance statistics and ensure processes are in place to record such statistics consistently;

- Review and approve the scope of the health, safety and environmental audit program and regularly monitor program results;
- Review and approve the annual budget for the health, safety and environmental audit program; and
- Report periodically to the Supervisory Board on health, safety and environmental matters affecting the Company.

Related Party Transactions

We have adopted a written Related Party Transaction Approval Policy, which requires the disinterested members of the Audit Committee to review and approve, in advance of commitment, certain transactions that we may enter into with the following related parties:

- members of the Supervisory Board;
- executive officers;
- holders of 5% or more of our shares;
- entities for which a LyondellBasell Industries N.V. officer or Supervisory Board member serves as an officer or a member of that entity's board of directors or equivalent governing body;
- immediate family members of the foregoing; and
- entities, of which any of the foregoing own more than 10%.

The transactions covered by the policy are those which are:

- in the ordinary course of business and have an aggregate value of $25 million or more, or
- not in the ordinary course of business, regardless of value.

Additionally, transactions covered include any transactions where an officer or director of the Company has a direct or indirect material interest and the transaction has a value of $120,000 or more.

The disinterested members of the Audit Committee determine the fairness of the transactions to the Company by considering whether the transactions have terms no less favorable than those which could be obtained from non-related parties.

Below is a description of related party transactions in existence since the beginning of the last fiscal year.

We entered into certain agreements with Access Industries and Apollo Management, or their affiliates upon our emergence from bankruptcy in April 2010. These agreements include a registration rights agreement dated 30 April 2010 obligating us to, at our own cost, register for resale certain of our securities owned by Access and Apollo or their affiliates. Additionally, we entered into nomination agreements with each of Access and Apollo or their affiliates that give them the right to nominate individuals for appointment to the Supervisory Board if certain ownership thresholds are met. The nomination rights continue for so long as the shareholders meet the required

thresholds. Additionally, Access and Apollo were both party to an equity commitment agreement, entered into in December 2009, pursuant to which they provided a backstop for a significant portion of the Company's emergence financing, for which they were paid fees of $20.1 million and $37.9 million, respectively.

These transactions were approved by the bankruptcy court; they were not approved pursuant to the Related Party Transaction Policy, nor were they approved by our Audit Committee, as the Company became obligated before the Related Party Transaction Policy was adopted and the Audit Committee was formed.

At its November 2010 meeting, the Audit Committee approved a tax cooperation agreement with Access Industries. Pursuant to the agreement, employees of the Company may provide assistance and support to Access Industries in connection with certain tax and accounting matters related to the time period during which LyondellBasell AF S.C.A., the Company's predecessor, was wholly owned by certain affiliates of Access Industries. Pursuant to the cooperation agreement, we charge Access Industries for these services on a time and materials basis. In 2010 and 2011, we charged Access approximately $110,000 and $156,000, respectively. The agreement terminates 31 December 2014.

On an ongoing basis and in the ordinary course of business, the Company makes spot purchases of natural gas liquids ("NGLs"), raw materials used by the Company in production, from Anadarko Petroleum at market prices. Robert G. Gwin, a member of our Supervisory Board, serves as Chief Financial Officer of Anadarko Petroleum. The Company purchased $83.3 million of NGLs from Anadarko Petroleum in 2011. The purchases were approved by the disinterested members of the Audit Committee at its July 2011 meeting. The determination was based on the fact the transactions were on terms no less favorable than those which could be obtained from non-related parties. Further, the Audit Committee considered whether such purchases would affect Mr. Gwin's independence. The Company does not believe that Mr. Gwin's position at Anadarko gives rise to a direct or indirect material interest in the transactions.

The Company sells a number of its products to Momentive Group and Berry Plastics in the ordinary course of business. The Company also buys supplies and sells products to Taminco Global Chemical Corporation in the ordinary course of business. A majority of the common stock of each of Momentive Group, Berry Plastics and Taminco Global Chemical Corporation is held by funds affiliated with Apollo Management L.P., a more than 5% shareholder of the Company. At its October 2011, December 2011 and February 2012 meetings, the Audit Committee authorized, respectively, sales by the Company to Momentive and Berry and purchases from and sales to Taminco, in the ordinary course of business in accordance with our Related Party Transactions Policy. The Audit Committee determined that the Momentive Group, Berry Plastics and Taminco transactions were on terms no less favorable than those which could be obtained from non-related parties. The disclosure of these transactions does not constitute an admission that Momentive Group, Berry Plastics or Taminco is a related party under Item 404 of Regulation S-K.

Under our Code of Conduct, each director, officer and employee must make prompt and full disclosure of all conflicts of interest. A conflict of interest includes a financial interest in any contract with us or in any organization doing business with us, or the receipt of improper personal benefits or loans as a result of his or her position in the Company. On an annual basis, each Supervisory Director and executive officer is obligated to complete a questionnaire which requires disclosure of any transactions with the Company in which the Supervisory Director or executive officer, or any member of his or her immediate family, has a direct or indirect material interest.

Our Code of Conduct is set forth in writing and is available through our website, www.lyondellbasell.com. Any waivers of our Code of Conduct for our executive officers or members of our Supervisory Board will be reported promptly. In addition to our Code of Conduct, we have a Financial Code of Ethics specifically applicable to each of our principal executive officer, principal financial officer, principal accounting officer or controller, or persons

performing similar functions. The Financial Code of Ethics meets the definition of a "code of ethics" under Item 406 of Regulation S-K.

Compensation of the Members of the Supervisory Board

Under our Articles of Association, any decisions on compensation of members of our Supervisory Board are made by our general meeting of shareholders. The Nominating & Governance Committee makes recommendations to the Supervisory Board with respect to changes, if any, of our Supervisory Board compensation programs. Any changes to the program approved by the Supervisory Board are then proposed to the shareholders at a general meeting.

Director Compensation in 2011

The members of our Supervisory Board receive equity and cash compensation for their service on the Supervisory Board and its committees. Compensation for members of the Supervisory Board is reviewed annually by the Nominating & Governance Committee, and is approved by shareholders. The Supervisory Board's goal in designing directors' compensation is to provide a competitive package that will enable it to attract and retain highly skilled individuals with relevant experience and that reflects the time and talent required to serve on the board of a complex international company. The Supervisory Board seeks to provide sufficient flexibility in the form of compensation delivered to meet the needs of different individuals while ensuring that a substantial portion of directors' compensation is linked to the long-term success of the Company.

In 2011, members of the Supervisory Board received grants of restricted stock units and cash retainers and fees. At the Annual General Meeting of shareholder in May 2011, our shareholders approved compensation for our directors as set out in the table below. Actual amounts earned by or paid to Supervisory Directors in 2011 are in the following table entitled "Director Compensation."

Annual Retainer	
Cash	$60,000 ($80,000 for Chairman of the Supervisory Board)
Restricted stock units	Valued at $120,000 ($150,000 for Chairman of the Supervisory Board)
Board Meeting Fees	
Intercontinental Travel	$12,500 for each Supervisory Board meeting attended
Continental Travel	$2,000 for each Supervisory Board meeting attended
Committee Fees	
Members	$10,000 ($11,000 for Audit Committee)
Chairmen	$15,000 ($20,000 for Audit Chair)

Financial statements

The Management Board has prepared the annual accounts and discussed these with the Supervisory Board. The Report of the Independent Auditor, PricewaterhouseCoopers Accountants N.V., is included in the 'Other Information' on page 161. The financial statements are being presented for adoption by shareholders at the Annual Meeting. The Supervisory Board recommends that shareholders adopt these financial statements.

Additional information

For additional information, see the Corporate Governance Statement (page 64), which is deemed to be incorporated by reference herein.

Rotterdam, 9 March 2012

The Supervisory Board

Marvin O. Schlanger (Chairman)

Jacques Aigrain

Jagjeet Bindra

Robin Buchanan

Milton Carroll

Stephen F. Cooper

Robert Gwin

Joshua J. Harris

Scott Kleinman

Bruce A. Smith

Rudy M.J. van der Meer

2.2 Conformity Statement

The Management Board is responsible for the preparation of the Annual Accounts and the Annual Report of LyondellBasell N.V. for the year ended 31 December 2011 in accordance with applicable Dutch law and International Financial Reporting Standards (“IFRS”) as endorsed by the European Union, (“EU”).

RESPONSIBILITY STATEMENT PURSUANT TO SECTION 5:25C PARAGRAPH 2(C) OF THE DUTCH FINANCIAL MARKETS SUPERVISION ACT (‘Wet op het financieel toezicht’)

The Management Board confirms that to the best of its knowledge:

- the LyondellBasell N.V. 2011 Annual Accounts give a true and fair view of the assets, liabilities, financial position and profit or loss of LyondellBasell N.V. and the entities included in the consolidation taken as a whole;

- the LyondellBasell N.V. 2011 Annual Report gives a true and fair view of LyondellBasell N.V. and the entities included in the consolidation taken as a whole as at 31 December 2011 and the state of the affairs during the financial year to which the report relates and describes the principal risks facing LyondellBasell N.V.

Rotterdam, 9 March 2012

/s/ James L. Gallogly

2.3 Corporate Governance Statement

We monitor and assess applicable Dutch, U.S., and other relevant corporate governance codes, rules, and regulations. We are subject to the Dutch Corporate Governance Code (the "Code"), as we are a listed company with its registered office in the Netherlands. As an NYSE listed company, we also are required to comply with the U.S. Sarbanes-Oxley Act of 2002, as well as NYSE listing rules, and the rules and regulations promulgated by the U.S. Securities and Exchange Commission ("SEC").

Our corporate governance structure is based on the requirements of the Dutch Civil Code, the company's Articles of Association and the rules and regulations applicable to companies listed on the New York Stock Exchange, complemented by several internal procedures. These procedures include a risk management and control system, as well as a system of assurance of compliance with laws and regulations.

For the full text of the Code, please refer to the website http://www.commissiecorporategovernance.nl/. For the full text of the U.S. Sarbanes-Oxley Act of 2002, as well as NYSE listing rules, and the rules and regulations promulgated by the SEC, see www.sec.gov/about/laws/soa2002.pdf, http://nyse.com/, and www.sec.gov/about.shtml respectively.

This chapter describes LyondellBasell's corporate governance. The Code contains principles and best practices for Dutch companies with listed shares. We agree with both the general approach and the vast majority of its principles and best practice provisions. Any deviations from the Code are explained, in accordance with the Code's "apply or explain" principle.

Any material changes in our corporate governance structure and/or our compliance with the Code will be discussed at LyondellBasell's 2012 Annual General Meeting of Shareholders as a separate agenda item. The Board of Management and the Supervisory Board are of the opinion that the company's corporate governance structure, as described here, is the most appropriate for LyondellBasell at this point in time. With the exception of those aspects of our governance structure which can only be amended with the approval of the General Meeting of shareholders, the Board of Management and the Supervisory Board may make adjustments to the way the Code is applied as described below, if this is considered to be in the interest of the company. If adjustments are made, they will be published and reported in the annual report for the relevant year.

2.3.1 Management Board

Our Management Board is responsible for managing LyondellBasell, under the chairmanship of its CEO, James L. Gallogly. Mr. Gallogly currently is the sole member of the Management Board, and his term as a member of the Management Board expires at the annual general meeting of shareholders in 2015.

Mr. Gallogly was appointed as sole member of the Management Board in April 2010. Mr. Gallogly has over 30 years of operating and leadership experience in chemical, refining and related industries. He formerly worked at ConocoPhillips, most recently serving as executive vice president of exploration & production from October 2008 to May 2009. For the preceding two years, he was executive vice president of refining, marketing and transportation. He was president and chief executive officer of Chevron Phillips Chemical Company from 2000 to 2006 and served as a member of its Board of Directors. Mr. Gallogly is an American and is currently 59 years old.

The Management Board is responsible for the management of LyondellBasell, the deployment of its strategy, its risk profile and policies, the achievement of its objectives, its results and the corporate social responsibility aspects relevant to the Company.

In fulfilling its management tasks and responsibilities, the Management Board considers the interests of the Company and the business connected with it, as well as the interests of the Company's stakeholders. The Management Board is accountable to the Supervisory Board and the General Meeting of Shareholders for the performance of its management tasks.

Under a two-tier board structure, the Supervisory Board supervises and advises the Management Board in the execution of its tasks and responsibilities. The Management Board provides the Supervisory Board with all information, in writing or otherwise, necessary for the Supervisory Board to fulfill its duties. Besides the information provided in the regular meetings, the Management Board keeps the Supervisory Board frequently informed with respect to developments relating to LyondellBasell's business, financials, operations, and also with respect to industry developments in general.

Important decisions of the Management Board that require the approval of the Supervisory Board are, among others:

- The operational and financial objectives of the Company;
- The strategy to achieve the Company's objectives;
- The business and financial plans of the Company; and
- Corporate social responsibility issues relevant to the Company and the industry in which it operates.

The Rules for the Management Board contain the general responsibilities of the Management Board, the decision making process within the Management Board, and also the logistics surrounding the meetings. The Rules for the Management Board are posted in the Corporate Governance section within the Investor Relation section on our website at www.lyondellbasell.com.

Appointment, Other Functions

Members of the Management Board are appointed by the General Meeting upon recommendation by the Supervisory Board. Mr. Gallogly, the current sole member of the Management Board, was appointed effective 30 April 2010 for a period of five years, where after reappointment is possible for consecutive four-year terms. After Mr. Gallogly's initial five year term, the Supervisory Board may determine the number of members on subsequent Management Boards; provided, that the CEO of the Company shall be a member of such subsequent Management Boards.

The Supervisory Board may suspend one or more members of the Management Board at any time. The General Meeting of Shareholders may suspend or dismiss a member at any time, but only by means of a resolution adopted by at least two-thirds (2/3) of the valid votes cast, such two-third majority representing more than half of the issued capital.

Management Board members may only accept a Supervisory Board membership of another listed company after having obtained prior approval from the Supervisory Board. Members of the Management Board are also required to notify the Supervisory Board of other important functions held or to be held by them.

Mr. Gallogly is not currently a Supervisory Board member of any listed company.

Code of Conduct

Part of LyondellBasell's risk management and control system is the Company's Code of Conduct. The Code of Conduct contains rules and guidelines on integrity subjects and issues.

LyondellBasell has established a complaints procedure, which provides guidance with respect to the reporting by employees, anonymously if desired, of alleged violations of the Code of Conduct or other Company policies. The complaints procedure provides that alleged violations of the Code of Conduct can be reported by both LyondellBasell employees as well as third parties by calling a hotline or submitting information via the internet.

The Code of Conduct, including complaints received based on the complaints procedure, if any, are regularly discussed in the Audit Committee.

The Code of Conduct and information on how to submit complaints are posted in the Corporate Governance section of the Investor Relations section of our website.

Mandatory training courses on our Code of Conduct are conducted regularly by all employees worldwide.

Conflicts of Interest

The Management Board's Rules prohibit members of the Management Board from participating in decisions on a subject or transaction in relation to which he has a direct or indirect personal interest, which is in conflict of the interests of the Company and its associated enterprise. Additionally, any payments to a member of the Management Board, other than regular salary payments, expense reimbursements and payments arising under the Company's benefit and compensation plans applicable to employees generally must be approved by the Supervisory Board. Finally, the Company maintains a Related Party Transaction Policy that requires Audit Committee approval of certain transactions between the Company and any officer, director or substantial shareholder. During the year 2011, no transactions occurred that could have given the appearance of conflicts of interests or that effectively involved conflicts of interests.

2.3.2 Dutch Corporate Governance Code

In addition to the New York Stock Exchange listing standards and rules and regulations as promulgated by the SEC, as a Dutch company, our governance practices are governed by the Dutch Corporate Governance Code (the "Code"). The Code (as last amended on 10 December 2008) contains a number of principles and best practices. The Code, in contrast to the Sarbanes-Oxley Act of 2002, contains an "apply or explain" principle, offering the possibility to deviate from the Corporate Governance Code as long as any such deviations are explained. The Code has no transitional provisions. In certain cases, we have not applied the Code's practices and provisions and in those instances explain the non-application.

There is considerable overlap between the requirements we must meet under U.S. rules and regulations and the provisions of the Code. We have complied with the majority of the provisions of the Code; however, where there are conflicting provisions of the Code and the requirements of the NYSE and the SEC, we have chosen to comply with the NYSE and SEC requirements. As an SEC registrant and NYSE listed company, we believe that it is appropriate to maintain governance practices that are in line with our peers listed on the NYSE, as opposed to companies on the Dutch exchange.

For clarity purposes, we have listed below deviations from the Code and our reasons for deviating. The deviations follow the order of the recommendations in the Code.

Best practice provision II.1.1

Mr. Gallogly was appointed as a member of the Management Board for an initial term of five years, which exceeds the maximum of four years contained in the Code.

We believe it appropriate to ensure continuity in the effective management of the Company. Specifically, Mr. Gallogly was recruited to the Company not only to lead the efforts in emerging from bankruptcy, which he did from his hiring in 2009 through emergence in 2010, but also to grow the Company and increase value to stakeholders over the long term. As a result, Mr. Gallogly's initial term was set at five years.

Subsequent terms of Mr. Gallogly or any other member of the Management Board will be for a maximum of four years, in accordance with the Company's Articles of Association and Rules of the Management Board.

Best practice provisions of Principle II.2

The Company has followed all of Principle II.2 in determining the compensation of the Management Board, as described in the Compensation Discussion and Analysis section of the Company's Proxy Statement for the Annual Meeting.

There are, however, certain best practice provisions that were not followed, given the unique situation of the Company in 2009 and 2010. Mr. Gallogly, the sole member of the Management Board, was recruited and hired to join the Company in May 2009, during bankruptcy proceedings. Many components of Mr. Gallogly's compensation were negotiated, determined and then approved by the bankruptcy court. As described in the Compensation Discussion and Analysis, the Company believes that the level and structure of Mr. Gallogly's compensation was necessary to recruit him and is appropriate for his responsibilities.

II.2.4

Pursuant to Mr. Gallogly's employment agreement, he was granted options to purchase Company shares that vest ratably over a five year period beginning one year after his date of employment. This is contrary to best practice provision II.2.4, which states that options shall not be exercisable in the first three years after the date of grant. Further, the number of options granted to Mr. Gallogly was negotiated at the time of his recruitment and approved by the bankruptcy court; as a result, the number of options granted was not determined based on the achievement of targets specified beforehand in accordance with best practice provision II.2.4. Nonetheless, the Company believes that the vesting schedule and number of options granted to Mr. Gallogly is appropriate. A five year ratable vesting schedule properly incentivizes Mr. Gallogly over a long period of time, since only twenty percent of the total award can be exercised each year.

II.2.8

Mr. Gallogly's employment agreement with the Company contains provisions that entitle him to payments upon termination of his employment agreement that exceed one annual salary payment. As previously mentioned, Mr. Gallogly's employment agreement was negotiated at the time of his recruitment when the Company was in bankruptcy and faced an uncertain future. The Company believes that the provisions with respect to payments to Mr. Gallogly upon termination of his employment agreement are appropriate, particularly given that they were included in part as a means to recruit Mr. Gallogly while the Company was in bankruptcy proceedings. The protections afforded by his employment agreement allow Mr. Gallogly to focus on the Company's performance and the creation of shareholder value through very difficult and demanding times for the Company and its Management Board.

II.2.11

The Company's employment agreement with Mr. Gallogly does not contain any claw-back provisions. Under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Securities and Exchange Commission has been charged with requiring stock exchanges, including the NYSE on which our shares are listed, to prohibit listing of securities of any company that has not developed and implemented compensation claw-back policies. The Dodd-Frank Act's provisions regarding claw-back policies are specific as to what is required, although implementing regulations have not yet been promulgated. The Compensation Committee has stated that it will develop and implement a policy in accordance with the final rules when promulgated by the SEC and the resulting rules adopted by the NYSE.

III.2.1/III.2.3

The Supervisory Board currently consists of 11 members. Of the current 11 members, six are considered independent for purposes of the Code and NYSE listing standards and are deemed to be independent based on the Company's categorical standards of independence contained in the Company's Corporate Governance Guidelines.

Each of the non-independent members of the Supervisory Board were nominated pursuant to nomination agreements the Company has with certain shareholders that allow those shareholders to nominate up to three directors dependent on their share ownership levels. The Supervisory Board believes that each of its non-independent members brings with him a level of skill, experience and qualifications that benefit the workings of the Supervisory Board and therefore the Company's stakeholders generally.

III.3.5

Members of the Supervisory Board are appointed for terms of up to three years; however, there is no limit on the number of terms a Supervisory Board member may serve.

Currently, the Supervisory Board does not believe there is a driving interest in limiting members to the "three four-year terms" provision of the Code given the early stages of development of the Company post-bankruptcy and the formation of the Supervisory Board. To the contrary, the Supervisory Board believes that a depth of history and knowledge of the Company, which can be developed through long-term service, currently is key to an effective oversight of the Company. The Supervisory Board intends to revisit the provisions in its governing documents on a continuous basis and may determine that limitations of the number of terms for Supervisory Board members is appropriate. Notwithstanding any such determinations, under the nomination rights described above, as long as certain shareholders maintain their share ownership at required levels, they will be able to nominate individuals of their choosing; the result of which may be for individuals nominated by them to serve for longer than any Supervisory Board determined terms.

III.7.1/III.7.2

Members of the Supervisory Board have been granted restricted stock units as a portion of their annual remuneration. The restricted stock units entitle the recipient to an equal number of the Company's shares after certain time-based vesting requirements have been met. This is a deviation from the Code, which states that supervisory board members shall not be granted shares and/or rights to shares by remuneration.

The remuneration of the Supervisory Board was recommended by the Supervisory Board and approved by the General Meeting of Shareholders, and consists of both cash and shares. The Company believes that granting rights

to acquire shares aligns the Supervisory Board members' interests with those of shareholders, thereby increasing the incentives to make decisions that create long-term value for the Company.

Additionally, as part of their review of director compensation, the Nominating & Governance Committee and the Supervisory Board consider, among other factors, the practices at a comparative group of public companies, based on market comparison studies prepared by an outside consultant, Frederic W. Cook & Co., Inc. ("Cook"). All of the companies in the comparative group offer some form of equity compensation. For that reason, among others, the Company believes that equity awards are reflective of the market and are necessary to attract and retain highly skilled individuals with relevant experience and to reflect the time and talent required to serve on the board of a complex, multinational corporation.

The Company does not have specific policies with respect to holding periods of equity by members of its Supervisory Board. The restricted stock units vest on June 30 of the year in which the director's term expires. As a result, the currently outstanding restricted stock units vest between one to three years, depending on the director's term. Future grants will similarly be tied to the directors' current terms of office. The Supervisory Board is of the opinion that tying the vesting period to the members' term effectively places a holding period on the members' interests as a shareholder.

2.3.3 Remuneration of the Management Board

Mr. Gallogly, as sole member of the Management Board, is remunerated in accordance with the terms and conditions of an employment agreement entered into with an affiliate of the Company and approved by the bankruptcy court in connection with the Company's emergence from bankruptcy in April 2010. The remuneration paid to Mr. Gallogly is based on his duties both as a member of the Management Board and as CEO of the Company.

In accordance with the requirements of the SEC, in its Proxy Statement for the Annual Meeting, the Supervisory Board has included a "Compensation Discussion and Analysis," approved by the Compensation Committee of the Supervisory Board. This Compensation Discussion and Analysis, or CD&A, provides detailed information with respect to the Company's compensation philosophy, programs and practices for certain executive officers (as defined and identified under SEC regulations). The CD&A is applicable to Mr. Gallogly, as one of the executive officers.

Also in accordance with SEC regulations, the Supervisory Board is seeking from shareholders at the Annual Meeting approval of the Company's executive compensation.

Set forth below are the elements of the Remuneration Policy as described in the CD&A included in the Proxy Statement for the Annual Meeting.

We believe that we should pay for performance and align our executives' interests with those of our shareholders. To this end, our compensation program for our executives, including our Chief Executive Officer, who is the sole member of our Management Board, has been designed to achieve the following objectives:

- support a high performing culture that attracts and retains highly qualified executive talent;
- tie annual incentives to the achievement of Company and individual performance objectives; and
- align executives' incentives with the creation of shareholder value through both medium and long term incentive plans.

Generally, our programs are designed to increase the proportion of "at-risk" pay as a percentage of total compensation as an executive's responsibilities increase. This is based upon the belief that our senior executives have more opportunity to affect the performance of the Company and that executives' performance will be enhanced by ensuring that a significant portion of their potential compensation is tied to the performance of the Company.

For our executives, base salary increases with responsibility, but at a lesser rate than increases in target incentive compensation percentages. This results in an increased percentage of "at-risk" compensation as the executive's responsibility is increased.

We believe our salary structure provides a framework for equitable compensation between executives. As a general matter, jobs having greater duties and responsibilities will have higher incentive compensation targets. However, each executive's compensation package as a whole is analyzed to ensure appropriate compensation given the market for analogous positions within the marketplace and the mix of components of compensation is taken into account. Taken as a whole, our compensation program for executives is designed so that individuals' incentive target levels rise as their salary level increases, with the portion of performance-based compensation rising as a percentage of total targeted compensation. The result is that each executive's actual total compensation as a multiple of the total compensation of his subordinates will increase in periods of above-target performance and decrease in times of below-target performance.

We use Company financial and other performance criteria, including safety metrics, as well as individual performance criteria in determining payouts under incentive compensation awards. We attempt to develop performance measures that assess the performance of the Company relative to other companies in addition to absolute performance measures. This is based on our belief that absolute performance can be affected positively or negatively by industry-wide factors over which our executives have no control, such as the cyclicality of feedstock costs and the global economy. We also attempt to isolate the underlying performance necessary to enable achievement of performance criteria considering our unique circumstances within the industry.

For purposes of awards under our incentive programs, we have set performance metrics so as to require high performance in order to receive target incentive compensation levels, and have selected multiple metrics to promote the well-rounded executive performance necessary to enable the Company to achieve long-term success.

Although our incentive programs use performance metrics, we have no threshold measures such that payouts are guaranteed assuming the attainment of specified targets. We use numerical targets as one of the components to determine whether payouts are warranted under each of the metrics; however, the discretionary nature of our programs means that the achievement (or non-achievement) of such targets is only the starting point in the Committee's determination of payouts for that metric. This is because we believe that judging performance based on an analysis of all relevant considerations provides a more meaningful determination of actual performance than using bright line performance targets. To this end, the Compensation Committee of our Supervisory Board retains discretion to consider other factors in addition to the stated performance metrics to determine relative performance.

Our executive compensation program generally consists of four principal components:

- base salary;
- annual cash incentive compensation;
- medium-term incentive compensation; and
- long-term equity-based incentive compensation.

We have chosen to pay each of these elements because we believe they best serve to advance our compensation objectives.

2.3.4 Internal Risk Management and Control Systems, External Factors

The Management Board is responsible for ensuring that LyondellBasell complies with applicable legislation and regulations. It is also responsible for the financing of LyondellBasell and for managing the internal and external risks related to its business activities.

The establishment of our internal risk management and control system is based on the identification of external and internal risk factors that could influence the operational and financial objectives of the Company, and contains a system of monitoring, reporting, and operational reviews.

To help identify risks, LyondellBasell uses a formal risk management approach, consisting of a set of risks definitions which are discussed amongst senior management of LyondellBasell at least annually. Based on this risk assessment, actions are initiated to further enhance the Company's risk mitigation.

The disclosure of the risks that potentially could have a significant impact on the Company's strategy execution, operations or financial position is derived in part from LyondellBasell's internal risk assessment, comprising elements of the risk assessment model as mentioned in the COSO report.

The Company publishes two annual reports in respect of the financial year 2011 ("2011 Annual Reports"): a Statutory Annual Report in accordance with Dutch legal requirements in accordance with International Reporting Standards (IFRS) and IFRIC interpretations as endorsed by the European Union and an Annual Report on Form 10-K in accordance with U.S. securities laws, based on the United States of America Generally Accepted Accounting Principles ("U.S. GAAP"). Both 2011 Annual Reports include risk factors that are specific to the petrochemical industry, LyondellBasell and ownership of its shares. LyondellBasell also provides sensitivity analyses by providing:

- a narrative explanation of its financial statements;
- the context within which financial information should be analyzed; and
- information about the quality, and potential variability, of LyondellBasell's earnings and cash flow.

In its "Statement of the Board of Management" (which is included on pages 40 through 42 hereof), the Management Board addresses the Company's internal risk management and control systems.

The Company's Annual Report on Form 10-K will include a report of management's assessment regarding internal control over financial reporting and an attestation report of our registered public accounting firm. Additionally, our management is required to conduct an evaluation, under the supervision and with the participation of our CEO and the CFO, of the effectiveness of the Company's internal control over financial reporting and, based on that evaluation, conclude whether the Company's internal control over financial reporting was effective as of 31 December 2011, providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. The Company's external auditor will also be required to confirm the effectiveness of the Company's internal control over financial reporting in its Consent of Independent Registered Public Accounting Firm as included in our 2011 Annual Report on Form 10-K for the year ended 31 December 2011.

With respect to the process of drafting annual reports, LyondellBasell has guidelines for the lay-out and the content of its reports. These guidelines are primarily based on applicable laws. For the Statutory Annual Report, the Company follows the requirements of Dutch law and regulations, including preparation of the consolidated financial statements in accordance with IFRS and IFRIC interpretations as endorsed by the European Union. For the Annual Report on Form 10-K, the Company applies the requirements of the U.S. Securities and Exchange Act of 1934, and prepares the financial statements included therein in accordance with U.S. GAAP.

LyondellBasell currently has a Finance Disclosure Committee and a Management Disclosure Committee, each consisting of various members of management from different functional areas within the Company. These committees report to and assist the CEO and CFO in the maintenance, review and evaluation of disclosure controls and procedures. The Disclosure Committees' main responsibilities are to ensure compliance with applicable disclosure requirements arising under United States and applicable stock exchange rules. The Company's CEO and CFO attend the meetings of the Disclosure Committees, or otherwise receive reports from the Chairman of the Disclosure Committee on any material topics discussed in the meetings.

2.3.5 Shareholders and General Meeting of Shareholders

Powers

A general meeting of shareholders will be held at least once a year and is expected to take place in Rotterdam. In this meeting, the following items are expected to be discussed and/or approved:

- the written report of the Management Board containing the course of affairs in LyondellBasell and the conduct of the management during the past financial year;
- the adoption of the annual accounts;
- LyondellBasell's reserves and dividend policy and justification thereof by the Management Board;
- the discharge of the members of the Management Board in respect of their management during the previous financial year;
- the discharge of the members of the Supervisory Board in respect of their supervision during the previous financial year;
- each material change in the corporate governance structure of LyondellBasell (if occurred); and
- any other item the Management Board or the Supervisory Board determine to place on the agenda.

The Management Board requires the approval of the general meeting of shareholders and the Supervisory Board for resolutions regarding a significant change in the identity or character of LyondellBasell or its business, including in any event:

- a transfer of the business or virtually all of the business to a third party;
- entry into or termination of long-term cooperation by LyondellBasell or a subsidiary with another legal entity or partnership or as a general partner with full liability in a limited or general partnership if such cooperation or the termination thereof is of far-reaching significance for LyondellBasell; and

- an acquisition or disposal by LyondellBasell or a subsidiary of a participation in the capital of another company, the value of which equals at least one third of the amount of the assets according to the consolidated statement of financial position with explanatory notes attached to the Annual Accounts as most recently adopted.

Proposals placed on the agenda by the Supervisory Board, the Management Board, or at the request of shareholders, provided that they have submitted the proposals in accordance with the provisions of LyondellBasell's Articles of Association, will be discussed and resolved upon. Shareholders are entitled to request the Supervisory Board to place agenda items on the annual general meeting agenda at the latest sixty days before the meeting, and provided that they represent at least 1 percent of LyondellBasell's outstanding share capital or a value of at least Euro 50,000,000. The Management Board or Supervisory Board may convene Extraordinary General Meetings as often as they deem necessary. Such meetings must be held if one or more shareholders and others entitled to attend the meetings jointly representing at least one-tenth of the issued share capital make a written request to that effect to the Supervisory Board, specifying in detail the items to be discussed.

Logistics of the General Meeting of Shareholders

To facilitate the attendance of shareholders at LyondellBasell's general meetings of shareholders, LyondellBasell will set a record date. Shareholders registered at such date will be entitled to attend the meeting and to exercise other shareholder rights during the meeting, notwithstanding the subsequent sale of their shares after the record date.

LyondellBasell's practice will be (as long as Dutch law does not prescribe otherwise) to set the record date at twenty-eight days before the meeting as required by Dutch law. Blocking of the shares that have been registered in order for the relevant shareholder to attend the meeting will not take place provided that a record date is set.

The Management Board and Supervisory Board shall provide the shareholders with the facts and circumstances relevant to the proposed resolutions, through an explanation to the agenda, as well as through other documents necessary and/or helpful for this purpose. All documents relevant to the general meeting of shareholders, including the agenda with explanations, shall be posted in the Investor Relations section on LyondellBasell's website at www.lyondellbasell.com. The agenda will clearly indicate which agenda items are voting items, and which items are for discussion only.

LyondellBasell shareholders may appoint a proxy who can attend and address the general meeting of shareholders and vote on their behalf at the meeting. LyondellBasell also uses an internet proxy voting system to vote, thus facilitating shareholder participation without having to attend in person. Shareholders who voted through internet proxy voting are required, however, to appoint a proxy to officially represent them at the meeting in person.

The record of the minutes of the general meeting of shareholders will be available to shareholders on our website no later than three months after the meeting. The minutes are adopted by the Chairman and the secretary of the meeting. Also, the voting results will be published via a Current Report on Form 8-K that will be filed with the SEC no later than four business days after the general meeting, which Current Report will be available on LyondellBasell's website.

There are no depositary receipts for shares in the Company's capital issued with the cooperation of LyondellBasell.

All resolutions are made on the basis of the "one share, one vote" principle. All resolutions are adopted by absolute majority, unless the law or our Articles of Association stipulate otherwise.

Information to the Shareholders

To ensure fair disclosure, LyondellBasell distributes Company information that may influence the share price to shareholders and other parties in the financial markets simultaneously and through means that are public to all interested parties.

When LyondellBasell's annual and quarterly results are published by means of a press release, interested parties, including shareholders, can participate through conference calls and view the presentation of the results on LyondellBasell's website. The schedule for communicating the annual financial results is in general published through a press release and is posted on LyondellBasell's website.

It is LyondellBasell's policy to post the presentations given to analysts and investors at investor conferences on its website. Information regarding presentations to investors and analysts and conference calls are announced in advance on LyondellBasell's website. Meetings and discussions with investors and analysts shall, in principle, not take place shortly before publication of regular financial information. LyondellBasell does not assess, comment upon, or correct analysts' reports and valuations in advance, other than to comment on factual errors. LyondellBasell does not pay any fees to parties carrying out research for analysts' reports, or for the production or publication of analysts' reports, and takes no responsibility for the content of such reports.

At the annual general meetings of shareholders, the shareholders will be provided with all requested information, unless this is contrary to an overriding interest of the Company. If this should be the case, the Management Board and Supervisory Board will provide their reasons for not providing the requested information.

Furthermore, the Investor Relations section on LyondellBasell's website provides links to information about LyondellBasell published or filed by LyondellBasell in accordance with applicable rules and regulations.

Relationship with Institutional Investors

LyondellBasell finds it important that its institutional investors participate in LyondellBasell's general meetings of shareholders. The Company believes that applying a record date and providing internet proxy voting are measures that should achieve high levels of participation at the meeting.

2.3.6 Audit of Financial Reporting

Financial Reporting

LyondellBasell has comprehensive internal procedures in place for the preparation and publication of Annual Reports, annual accounts, quarterly figures, and all other financial information. These internal procedures are frequently discussed in the Audit Committee and the Supervisory Board. The Disclosure Committees assist the Management Board in overseeing LyondellBasell's disclosure activities and ensures compliance with applicable disclosure requirements arising under U.S. and Dutch law and regulatory requirements.

The Audit Committee reviews and approves the external auditor's Audit Plan for the audits planned during the financial year. The Audit Plan also includes the activities of the external auditor with respect to their reviews of the quarterly results other than the annual accounts. These reviews are based on agreed upon procedures and are approved by the Audit Committee. The external auditor regularly updates the Audit Committee on the progress of the audits and other activities.

Appointment, Role, Assessment of the Functioning of the External Auditor, and the Auditor's Fee

In accordance with Dutch law, LyondellBasell's external auditor is appointed by the general meeting of shareholders and is nominated for appointment by the Supervisory Board upon advice from the Audit Committee and the Management Board. LyondellBasell's current external auditor is PricewaterhouseCoopers Accountants N.V. ("PwC"), and the Supervisory Board, on the recommendation of the Audit Committee, is proposing shareholders appoint PwC as its auditor to audit the Dutch statutory accounts at the Annual Meeting.

The Audit Committee and Management Board will conduct an extensive evaluation of the external auditor's performance every four years as required by the Dutch Corporate Governance Code.

In the years that no formal evaluation is conducted, the external auditor's performance is continuously assessed by the Audit Committee in the Audit Committee meetings. So far, the external auditor has functioned to the satisfaction of both the Audit Committee and the Management Board.

Annually, the Management Board and the Audit Committee provide the Supervisory Board with a report on the relationship with the external auditor, including the required auditor independence. To determine the external auditor's independence, the relationship between the audit services and the non-audit services provided by the external auditor is important, as well as the rotation of the responsible lead audit partner every five years. Non-audit services (including tax fees and non-audit-related fees) performed by the external auditor comprised approximately one percent of the external auditor's services in 2011. Based on the proportion audit fees versus non-audit related fees, it was concluded and confirmed by the external auditor that the external auditor acts independently.

The external auditor will be present at the Annual Meeting to respond to questions, if any, from the shareholders about the auditor's report on the financial statements.

The Audit Committee, on behalf of the Supervisory Board, approves the remuneration of the external auditor as well as the non-audit services to be performed, after consultation with the Management Board and the CFO. It has been agreed among the members of the Supervisory Board and the Management Board that the Audit Committee has the most relevant insight and experience to be able to approve both items, and therefore the Supervisory Board has delegated these responsibilities to the Audit Committee.

In principle the external auditor attends all meetings of the Audit Committee, unless this is deemed not necessary by the Audit Committee. The findings of the external auditor are discussed at these meetings.

The Audit Committee reports on all issues discussed with the external auditor to the Supervisory Board, including the external auditor's report with regard to the audit of the annual accounts as well as the content of the annual accounts. In the audit report, the external auditor refers to the financial reporting risks and issues that were identified during the audit, internal control matters, and any other matters requiring communication under the auditing standards generally accepted in the Netherlands and in the United States.

Internal Audit Function

The internal audit function of LyondellBasell forms one of the key elements to address the topics of risk management and internal control over financial reporting as required under the Code and the Sarbanes-Oxley Act, respectively. To ensure the independence of this function, the Company's internal auditor reports to the Audit Committee. The external auditor and the Audit Committee are involved in drawing up the work schedule and audit scope of the internal auditor. The internal auditor regularly provides updates on its findings to the Audit Committee.

2.3.7 Takeover Directive; Anti-Takeover Provisions and Control

General

The EU Takeover Directive requires that certain listed companies must publish information providing insight into defensive structures and mechanisms which they apply. The relevant provision has been implemented into Dutch law by means of a decree of 5 April 2006. Pursuant to this decree, Dutch companies whose securities have been admitted to trading on an EU regulated market have to include information in their annual report which could be of importance for persons who are considering taking an interest in the company. The Company's shares are admitted to trading on the NYSE and not on any EU regulated markets.

According to provision IV.3.11 of the Code, we are required to provide a survey of our actual or potential anti-takeover measures, and to indicate in what circumstances it is expected that they may be used.

Accordingly, we have set out below a number of provisions in the Articles of Association that in a Dutch context technically are not necessarily considered to be anti-takeover measures, but which could restrict the ability of a controlling shareholder to effectively exercise control over the Company:

- As per article 13.4 of the Articles of Association, up to one-third (1/3) of the members of the Supervisory Board may be appointed by the Supervisory Board itself;

- As per article 13.2 of the Articles of Association, the General Meeting of Shareholders will appoint both the members of the Management Board and, subject to the above, the members of the Supervisory Board, upon the nomination of the Supervisory Board. Any such nomination with respect to the appointment of a Supervisory Board member shall, at the discretion of the Supervisory Board be binding. Such a binding nomination may be rendered non-binding by the General Meeting of Shareholders provided that a resolution to that effect shall be adopted by at least two-thirds (2/3) of the valid votes cast, such two-third (2/3) majority representing more than half of the issued share capital. In case of such a vote, the General Meeting of Shareholders will be free in its selection and appointment of a Supervisory Board member to fill the vacancy by means of a resolution adopted by at least two-thirds (2/3) of the valid votes cast, such two-third (2/3) majority representing more than half of the issued capital. If the votes cast in favor of such resolutions do not represent at least two-thirds of the issued share capital, a new meeting can be convened at which the relevant resolution can be adopted by absolute majority;

- As per articles 5.2 and 6.3 of the Articles of Association the Supervisory Board has been designated for a period ending on 13 April 2015 as the body competent to issue shares in the capital of the Company whereby the Supervisory Board is in principle authorized to restrict or exclude any pre-emptive rights of existing shareholders; and

- As per article 24.1 of the Articles of Association, the Articles of Association may only be amended by the General Meeting of Shareholders on the basis of a proposal thereto of the Management Board and subject to approval of the Supervisory Board.

In the event of a hostile takeover bid, in general the Supervisory Board and the Management Board reserve the right to use all powers available to them in the interests of the Company and its affiliated enterprise, taking into consideration the relevant interests of the Company's stakeholders.

CONSOLIDATED FINANCIAL STATEMENTS

LyondellBasell Industries N.V.

CONSOLIDATED STATEMENTS OF INCOME

Millions of U.S. Dollars, except per share data	Note	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Revenue	5	$ 51,035	$ 27,684
Cost of sales	6	45,744	25,020
Gross profit		5,291	2,664
Selling costs	6	307	213
Administrative expenses	6	610	358
Other losses, net	10	35	85
Other operating expense	11	51	31
Other operating income	12	(85)	(64)
Operating profit		4,373	2,041
Finance income		38	18
Finance costs	13	(1,068)	(538)
Share of profit in associates, net of tax	18	216	87
Profit before income tax		3,559	1,608
Income tax expense	14	(1,190)	(516)
Profit for the period		2,369	1,092
Attributable to:			
Net income/(loss) attributable to			
- Owners of the Company	25	2,376	1,099
- Non-controlling interests	26	(7)	(7)
Total		$ 2,369	$ 1,092
Earnings per share:			
- Basic	15	$ 4.16	$ 1.94
- Diluted	15	$ 4.13	$ 1.94

The notes on pages 86 to 151 are an integral part of these consolidated financial statements.

LyondellBasell Industries N.V.

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

Millions of U.S. Dollars	Note		For the Year Ended 31 December 2011		Period 15 October 2009 to 31 December 2010
Profit for the period			$ 2,369		$ 1,092
Other comprehensive income:					
Losses on post-employment benefits	29	(424)		(57)	
Tax on gains on post-employment benefits	14	137		30	
			(287)		(27)
Currency translation of foreign operations		(230)		130	
Tax on currency translation of foreign operations	14	(1)		(4)	
			(231)		126
Other comprehensive income, net of tax			(518)		99
Total comprehensive income for the period			$ 1,851		$ 1,191
Attributable to:					
- Owners of the Company			1,858		1,198
- Non-controlling interests	26		(7)		(7)
			$ 1,851		$ 1,191

The notes on pages 86 to 151 are an integral part of these consolidated financial statements.

LyondellBasell Industries N.V.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

Millions of U.S. Dollars	Note	31 December 2011	31 December 2010
Non-current assets:			
Intangible assets	16	$ 1,535	$ 1,704
Property, plant and equipment	17	7,767	7,628
Investments in associates	18	1,605	1,552
Deferred income tax assets	28	91	128
Trade and other receivables	23	116	112
Total non-current assets		11,114	11,124
Current assets:			
Inventories	22	5,654	4,614
Trade and other receivables	23	4,542	4,550
Income tax receivable		372	292
Cash and cash equivalents	24	1,065	4,222
Total current assets		11,633	13,678
Total assets		$ 22,747	$ 24,802

The notes on pages 86 to 151 are an integral part of these consolidated financial statements.

EQUITY AND LIABILITIES

Millions of U.S. Dollars	**Note**	**31 December 2011**	**31 December 2010**
Equity attributable to the owners of the Company:	25		
Share capital		$ 31	$ 30
Share premium		10,305	9,863
Other reserves		(419)	99
Retained earnings		582	1,099
Treasury shares		(124)	- -
		10,375	11,091
Non-controlling interest	26	54	61
Total equity		10,429	11,152
Non-current liabilities:			
Borrowings	27	3,945	5,983
Deferred income tax liability	28	1,343	957
Retirement benefit obligations	29	1,480	1,526
Provisions for other liabilities and charges	31	440	348
Accruals and deferred income		212	213
		7,420	9,027
Current liabilities:			
Trade and other payables	30	4,459	4,095
Income tax payable		177	163
Borrowings	27	52	46
Derivative financial instruments	21	53	237
Provisions for other liabilities and charges	31	157	82
		4,898	4,623
Total liabilities		12,318	13,650
Total equity and liabilities		$ 22,747	$ 24,802

The notes on pages 86 to 151 are an integral part of these consolidated financial statements.

LyondellBasell Industries N.V.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Millions of U.S. Dollars	Note	Share Capital	Share Premium	Other Reserves	Retained Earnings	Equity Attributable to Owners of the Company	Non-Controlling Interest	Total Group Equity
Balance at 15 October 2009		$ - -	$ - -	$ - -	$ - -	$ - -	$ - -	$ - -
Transactions with owners:								
Issuance of Class A Common stock related to business combination	36	16	7,115	- -	- -	7,131	54	7,185
Proceeds from Class B Common stock issued	25	14	2,721	- -	- -	2,735	- -	2,735
Contributions from non-controlling interest	26	- -	- -	- -	- -	- -	14	14
Employees share-based payments:								
- Issuance of shares	8	- -	22	- -	- -	22	- -	22
- Tax on shares	14	- -	5	- -	- -	5	- -	5
Total transactions with owners		30	9,863	- -	- -	9,893	68	9,961
Comprehensive income for the period:								
Profit and loss	25/26	- -	- -	- -	1,099	1,099	(7)	1,092
Other comprehensive income:								
Actuarial loss on post employment benefit obligations	14/29	- -	- -	(27)	- -	(27)	- -	(27)
Currency translation differences		- -	- -	126	- -	126	- -	126
Total Comprehensive Income for the period		- -	- -	99	1,099	1,198	(7)	1,191
Balance at 31 December 2010		$ 30	$ 9,863	$ 99	$ 1,099	$ 11,091	$ 61	$ 11,152

The notes on pages 86 to 151 are an integral part of these consolidated financial statements.

LyondellBasell Industries N.V.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Millions of U.S. Dollars	Note	Share Capital	Share Premium	Treasury Shares	Other Reserves	Retained Earnings	Equity Attributable to Owners of the Company	Non-Controlling Interest	Total Group Equity
Balance at 1 January 2011		$ 30	$ 9,863	$ - -	$ 99	$ 1,099	$ 11,091	$ 61	$ 11,152
Transactions with owners:									
Shares purchased	25	- -	- -	(133)	- -	- -	(133)	- -	(133)
Warrants exercised	25	1	402	- -	- -	- -	403	- -	403
Dividends paid relating to 2010	25					(57)	(57)	- -	(57)
Dividends	25	- -	- -	- -	- -	(2,836)	(2,836)	- -	(2,836)
Employees share-based payments:									
- Issuance of shares	8	- -	31	9	- -	- -	40	- -	40
- Tax on shares	14	- -	9	- -	- -	- -	9	- -	9
Total transactions with owners		31	10,305	(124)	99	(1,794)	8,517	61	8,578
Comprehensive income for the period:									
Profit and loss	25/26	- -	- -	- -	- -	2,376	2,376	(7)	2,369
Other comprehensive income:									
Actuarial loss on post employment benefit obligations	14/29	- -	- -	- -	(287)	- -	(287)	- -	(287)
Currency translation differences		- -	- -	- -	(231)	- -	(231)	- -	(231)
Total Comprehensive Income for the period		- -	- -	- -	(518)	2,376	1,858	(7)	1,851
Balance at 31 December 2011		$ 31	$ 10,305	$ (124)	$ (419)	$ 582	$ 10,375	$ 54	$ 10,429

The notes on pages 86 to 151 are an integral part of these consolidated financial statements.

LyondellBasell Industries N.V.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of U.S. Dollars	Note	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Cash flows from operating activities:			
Result on ordinary activities before tax		$ 3,559	$ 1,608
Adjustments for:			
Depreciation, amortization and impairments	6	986	582
Share based compensation	8	31	22
Net finance cost		1,030	520
Other losses, net	10	35	85
Other operating income	12	(85)	(64)
Share in profit of associates	18	(216)	(87)
Contributions to pension Plans	29	(526)	(63)
Changes in working capital relating to:			
(Increase)/decrease in trade and other receivables		(131)	40
(Increase)/decrease in inventories		(1,070)	235
Increase in trade and other payables		703	344
Other		(5)	74
Cash generated from operations		4,311	3,296
Interest paid		(1,066)	(281)
Income taxes paid		(662)	(99)
Net cash from operating activities		2,583	2,916
Cash flows from investing activities:			
Acquisition of former LyondellBasell Industries AF subsidiaries (net of cash acquired)	36	- -	4
Purchase of property, plant and equipment		(1,050)	(466)
Purchase of intangible assets		- -	(20)
Proceeds from disposal of assets		71	154
Interest received		38	18
Dividends received	18	206	34
Net cash used in investing activities		(735)	(276)
Cash flows from financing activities:			
Proceeds from issue of Class B shares	25	- -	2,735
Proceeds from non-controlling interests	26	- -	14
Shares issued upon exercise of warrants		37	- -
Repayments of borrowings	27	(3,063)	(1,200)
Proceeds from borrowings	27	985	6
Dividends paid	25	(2,893)	- -
Other financing costs		(30)	- -
Net cash used in financing activities		(4,964)	1,555
Net increase in cash and cash equivalents		(3,116)	4,195
Cash and cash equivalents at beginning of period		4,222	- -
Exchange rate differences		(41)	27
Cash and cash equivalents at end of the period	24	$ 1,065	$ 4,222

The notes on pages 86 to 151 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General

LyondellBasell Industries N.V., together with its consolidated subsidiaries (collectively "LyondellBasell N.V.," the "Group," "Company" or "We") 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.

LyondellBasell N.V. is a limited liability company (*Naamloze Vennootschap*) incorporated under Dutch law by deed of incorporation dated 15 October 2009. The address of its registered office is Stationsplein 45, 3013 AK, Rotterdam. LyondellBasell N.V.'s shares are listed on the New York Stock Exchange ("NYSE").

As a result of LyondellBasell Industries AF S.C.A.'s ("LyondellBasell AF") emergence from chapter 11 of the U.S. Bankruptcy Code ("chapter 11") on 30 April 2010 (the "Emergence Date"), LyondellBasell N.V. became the parent holding company for the subsidiaries of LyondellBasell AF after completion of the bankruptcy cases. LyondellBasell AF's equity interests in its indirect subsidiaries terminated and LyondellBasell N.V. now owns and operates, directly and indirectly, substantially the same business as LyondellBasell AF owned and operated prior to emergence from the bankruptcy cases.

The Financial Statements year ended 31 December 2011, of LyondellBasell N.V. were approved for issue by both the Supervisory Board and the Management Board on 9 March 2012.

The Financial Statements are subject to adoption by the Annual General Meeting of Shareholders on 9 May 2012.

2 Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation and Consolidation

The Consolidated Financial Statements of LyondellBasell N.V. have been prepared from the books and records of LyondellBasell N.V. and its majority owned subsidiaries in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretation Committee ("IFRIC") interpretations as endorsed by the European Union. Subsidiaries are defined as being those companies over which the Company, either directly or indirectly, has control through a majority of the voting rights or the right to exercise control or to obtain the majority of the benefits and be exposed to the majority of the risks. Subsidiaries are consolidated from the date on which control is obtained until the date that such control ceases. All inter-company transactions and balances have been eliminated in consolidation.

As the corporate financial information of LyondellBasell N.V. is included in the Consolidated Financial Statements, the Corporate Income Statement is presented in abbreviated format in accordance with Section 402, Book 2 of The Netherlands Civil Code.

The Consolidated Financial Statements have been prepared under the historical cost convention, as modified for the accounting of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. Consolidated financial information, including subsidiaries, associates and joint ventures, has been prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

Comparative Information and Prior Period Adjustments

The Company identified adjustments in the amounts of assets acquired and liabilities assumed from the acquisition of LyondellBasell Industries AF's entities at 30 April 2010. These adjustments were due to errors in the calculation of the tax asset basis reduction and related uncertain tax provisions resulting from the forgiveness of certain debts upon emergence from bankruptcy. These amounts in the aggregate were not material to the assets and liabilities assumed.

The 31 December 2010 amounts presented in Note 16 changed as follows:

Millions of U.S. Dollars	As previously reported	Adjustment	Revised
Goodwill	$ 469	$ (134)	$ 335
Deferred income taxes	650	(134)	516

New and amended standards adopted

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that have had a material impact on the financial statements as presented.

New standards, amendments and interpretations issued but not effective for the financial year 2010 and we have not elected early adoption

The Group's and parent entity's assessment of the impact of these new standards and interpretations is set out below:

IFRS 9, Financial Instruments— Classification and Measurement and the incorporation of requirements on the accounting for financial liabilities – IFRS 9 as issued and amended reflects the first phase of the International Accounting Standards Board's (IASB) work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015 but is available for early adoption. The standard has not currently been endorsed by the EU.

We have not assessed IFRS 9's full impact. However, initial indications are that it may affect the classification and measurement of our financial assets. We are currently assessing the impact of the adoption of this standard on our consolidated financial statements and will determine an adoption date.

IFRS 10, Consolidated Financial Statements – IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.. The standard is effective for annual periods beginning after 1 January 2013 and is available for early adoption.

We are currently assessing the impact of the adoption of this standard on our consolidated financial statements and will determine an adoption date.

IFRS 11, Joint Arrangements—IFRS 11 considers two types of joint arrangements; joint operations and joint ventures (joint control of an entity) and gives guidance on determining the type of joint arrangement. A joint

operator recognizes its share of the assets, liabilities, revenues and expenses in accordance with applicable IFRSs, while a joint venture would account for its interest using the equity method of accounting under IAS 28, *Investments in Associates and Joint Ventures,* thus eliminating the option of proportionate consolidation for interests in joint ventures. The standard is effective for annual periods beginning after 1 January 2013 and is available for early adoption.

We are currently assessing the impact of the adoption of this standard on our consolidated financial statements and will determine an adoption date.

IFRS 12, Disclosure of interests in other entities—is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and off balance sheet vehicles. The standard requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

We are currently assessing the impact of the adoption of this standard on our consolidated financial statements and will determine an adoption date.

IFRS 13, Fair Value Measurement—establishes a single framework for measuring fair value and is applicable for both financial and non-financial items. The standard does not include requirements on when fair value is measurement is required, but, does prescribe how fair value is to be measured if required by another standard. The standard is effective for annual periods beginning after 1 January 2013 and is available for early adoption.

We have assessed the impact of IFRS 13 which will slightly change the presentation of our disclosures around fair value measurement. The standard will be adopted on the date which it is effective.

Amendments to IAS 19, Employee Benefits—eliminate the “corridor approach” and therefore require entities to recognize changes in defined benefit plan obligations and plan assets when they occur. All actuarial gains and losses are required to be recognized immediately through other comprehensive income. In addition, interest cost and the expected return on plan assets will be replaced with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The standard is effective from 1 January 2013 and early application is permitted.

We have yet to fully assess the applicable impacts of the amendments to IAS 19. The elimination of the “corridor approach” will have no impact on our consolidated financial statements. The standard will be adopted on the date which it is effective.

Business Combination and Goodwill

Business Combination—Assets acquired and liabilities and contingent liabilities assumed on a business combination are recognized at their fair value at the date of the acquisition; the amount of the purchase consideration above this value is recognized as goodwill, with any non-controlling interest recognized as the proportionate share of the identifiable net assets.

The cost of acquisition is the aggregate of the consideration transferred and the fair value of the non-controlling interest. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates and joint ventures is included in investments in associates and joint ventures.

Goodwill—Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Goodwill is tested annually for impairment and whenever there is an indication that the intangible asset may be impaired. Goodwill is carried at cost less accumulated impairment losses. Goodwill is impaired if the recoverable amount of the cash-generating unit or groups of cash-generating units to which it is allocated is lower than the carrying value of the cash-generating unit or groups of cash-generating units concerned. The recoverable amount is defined as the higher of the cash-generating unit's fair value less cost to sell and its value in use. Impairment losses on goodwill are not reversed.

Investments in Associates

We account for investments in associates ("equity investments") using the equity method of accounting if the investment gives us the ability to exercise significant influence over, but not control of, an investee. Significant influence generally exists if we have an ownership interest representing between 20% and 50% of the voting rights. Under the equity method of accounting investments are stated initially at cost and are adjusted for subsequent additional investments and our proportionate share of profit or losses and distributions. Our investment in equity investments includes goodwill identified on acquisition, net of any accumulated impairments.

We record our share of profits or losses in profit (losses) from the unconsolidated entities, net of income taxes, in the consolidated statements of income. When our share of losses in an investment equals or exceeds the interest in the equity investment, including any other unsecured receivables, we do not recognize further losses, unless we have incurred obligations or made payments on behalf of the equity investment.

We evaluate our equity method investment for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such investment may have experienced an other-than-temporary decline in value. When evidence of loss in value has occurred, management compares the estimated fair value of investment to the carrying value of investment to determine whether an impairment has occurred. If the estimated fair value is less than the carrying value and the management considers the decline in value to be other-than temporary, the excess of the carrying value over the estimated fair value is recognized in the financial statements as an impairment.

Foreign Currency Translation

Functional and presentation currency—Items included in the financial information of each of LyondellBasell N.V.'s entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial information is presented in U.S. Dollars, which is our presentation currency.

Transactions and balances—Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated Income Statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Income Statement within Finance costs. All other foreign exchange gains and losses are presented in the Consolidated Income Statement within Other losses, net.

In the Consolidated Financial Statements, the results and financial position of all the subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

2. Income and expenses for each income statement are translated at average exchange rates; and

3. All resulting exchange differences are recognized as a separate component within other comprehensive income (currency translation reserve).

Revenue Recognition

Revenue from product sales is recognized at the time of transfer of title and risk of loss to the customer, which usually occurs at the time of shipment. Revenue is recognized at the time of delivery if we retain the risk of loss during shipment. For products that are shipped on a consignment basis, revenue is recognized when the customer uses the product. Costs incurred in shipping products sold are included in cost of sales. Billings to customers for shipping costs are included in sales revenue.

Revenue from licensing contracts is recognized on a contract-by-contract basis when we determine that it has substantially sold its product or rendered service. For proven technologies for which we are contractually entitled to receive the vast majority of the contract value in cash at or before the date of customer acceptance, we will generally recognize revenue for the fixed fee at the date of delivery of the process design package and the related license, provided that the undelivered items are considered inconsequential or perfunctory and the customer's billings become due. Future fixed fees for these contracts are recognized when the uncertainties are resolved.

For contracts involving unproven process technology and/or post-delivery technical assistance that is not considered inconsequential or perfunctory, we. recognize revenue at the date of customer acceptance up to the amount of fixed fees due at customer acceptance date. Future fixed fees for these contracts are recognized on the earlier date of cash receipt or when the uncertainties are resolved.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer ("CEO"). The CEO, identified for strategic decisions, is responsible for allocating resources and assessing performance. Operating segments are aggregated into a single operating segment since these segments have similar economic characteristics and are similar in the nature of the products and production processes, class of customers and distribution of the products.

Share-Based Compensation

The Company grants stock-based compensation awards that vest over a specified period or upon employees meeting certain service criteria. The fair value of equity instruments issued to employees is measured on the grant date and is recognized over the vesting period. The fair value is determined using the Black-Scholes model, taking into account market conditions linked to the price of our shares.

Liabilities with respect to cash-settled share-based compensation are recognized as a liability and re-measured at each balance sheet date through the Consolidated Income Statement.

Leases

Finance leases, which transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. All other leases are operating leases. Lease payments for finance leases are apportioned to finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included in interest costs. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Operating lease payments are recognized as an expense over the lease term.

Intangible Assets

Research and development—Costs incurred on development projects are recognized as intangible assets when it is probable that we will achieve economic benefits in the future, considering its commercial and technological feasibility, and costs can be measured reliably. Also in-process research and development acquired in a business combination are recognized at fair value at acquisition date. Research and other development expenditures are recognized as expense as incurred. Development costs that have a finite useful life and that have been capitalized are amortized from the date that services can be offered on a straight-line basis over the period of its expected useful life. The expected useful life is generally between 5 and 7 years.

Capitalized development projects are impaired if the recoverable amount falls below the carrying value of the asset concerned. Impairments are reversed if and to the extent that the impairment no longer exists. The recoverable amount is defined as the higher of an asset's fair value less cost to sell and its value in use.

Other intangible assets—Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the recognition criteria are met. The capitalized costs are amortized over the estimated useful life, which is between 3 and 10 years.

Contracts acquired in a business combination are recognized at fair value at the acquisition date. Customer contracts have a finite useful life and are carried at cost less accumulate amortization. Amortization is calculated using the straight line method over the expected life of the customer relation relationship. The expected useful life is generally between 6 and 13 years.

Emission allowances acquired in a business combination are recognized at fair value at the acquisition date. Such allowances are determined to have useful life commiserate with the underlying associated plant facility. Amortization is calculated using the straight line method over the life of the associated plant.

Property, Plant and Equipment

Property, plant and equipment are recorded at historical cost. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Costs may also include borrowing costs incurred on debt during construction or major projects exceeding one year, costs of major maintenance as part of turnarounds of major units and committed decommission costs. Land is not depreciated. Depreciation on other assets is computed using the straight-line method over the estimated useful asset lives to their residual values, generally as follows:

- 25 years for major manufacturing equipment
- 30 years for buildings

- 5 to 15 years for light equipment and instrumentation
- 15 years for office furniture
- 4 to 7 years for turnarounds of major units and
- 3 to 5 years for information system equipment.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Upon retirement or sale, we remove the cost of the asset and the related accumulated depreciation from the accounts and reflect any resulting gain or loss in the Income Statement.

In respect to jointly controlled assets, we recognize our ownership share.

Impairments of Non-Financial Assets

Assets that have an indefinite useful life, including goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Derivative Financial Instruments and Hedging Activities

We selectively enter into derivative transactions to manage volatility related to market risks associated with changes in commodity pricing, currency exchange rates and interest rates. For a discussion of our policies related to financial instruments and derivatives and hedging strategy, see Note 4 Financial Risk Management.

Derivative financial instruments are initially recognized at fair value. Subsequently, we measure all derivative financial instruments based on fair values derived from market prices of the instruments or valuation techniques such as cash flow analysis. Gains and losses arising from changes in the fair value of the instruments are recognized in the Consolidated Income Statement depending on its category as cost of sales, other gains (losses) or finance costs during the period in which they arise. The Company did not designate any derivatives under hedge accounting during the period.

The full fair value of the derivatives is classified as a non-current asset or liability if the remaining maturity of the derivative is more than 12 months and as a current asset or liability if the remaining maturity is less than 12 months.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first in, first out (FIFO) method. The cost of finished goods and work in progress comprises directly attributable costs and related production overheads (based on normal operating capacity). Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

Current Trade Receivables

Current trade receivables are initially recognized at fair value and subsequently measured at amortized cost, which generally corresponds to face value, less an adjustment for bad debts.

Cash Equivalents

Cash equivalents consist of highly liquid debt instruments such as certificates of deposit, commercial paper and money market accounts. Cash equivalents include instruments with maturities of three months or less when acquired. Bank overdrafts are shown within Borrowings in current liabilities on the balance sheet.

Borrowings

Borrowings are initially recognized at cost, being the fair value of the proceeds received, net of transaction costs. Subsequently, borrowings are stated at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium. Interest expenses are accrued and recorded in the income statement for each period

Income Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the Consolidated Income Statements, except to the extent that it relates to items recognized in Other comprehensive income or directly in equity. In these cases, the applicable tax amount is also recognized in Other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect to previous years. Management evaluates positions with respect to applicable tax regulation. Such regulation is subject to interpretation. The Company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, as well as the net tax effects of net operating loss carryforwards, using the liability method. Deferred income taxes are measured at the tax rates and under the tax laws that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred tax assets are realized or the deferred tax liabilities are settled.

Deferred tax assets, including assets arising from losses carried forward, are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilized.

Employee Benefits

Pension plans— We have both defined benefit (funded and unfunded) and defined contribution plans. For the defined benefit plans, a Defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. Pension costs primarily represents the increase in the actuarial present value of the obligation for pension benefits based on employee service during the year and the interest on this obligation in respect of employee service in previous years, net of expected return on plan assets.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For defined contribution plans, we pay contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognized as employee benefit expense when they are due.

Other post-employment obligations—Certain employees are entitled to post-retirement medical benefits to retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans.

Termination benefits—Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. We recognize termination benefits when we are demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

Other Provisions

Provisions are recognized when all of the following conditions are met: 1) there is a present legal or constructive obligation as a result of past events; 2) it is probable that a transfer of economic benefits will settle the obligation; and 3) a reliable estimate can be made of the amount of the obligation. The probable amount required to settle long-term obligations is discounted if the effect of discounting is material. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest costs.

Environmental Remediation Costs—Environmental remediation liabilities, include liabilities related to sites we currently own, sites we no longer own as well as sites belonging to other parties where we have operated. These liabilities were recorded at fair value at the acquisition date and are subject to periodic re-measurement. Additional liabilities recorded subsequent to the acquisition date for anticipated expenditures related to investigation and remediation of contaminated sites are accrued when it is probable a liability has been incurred and the amount of the liability can reasonably be estimated. Only ongoing operating and monitoring costs, the timing of which can be determined with reasonable certainty, are discounted to present value. Future legal costs associated with such matters, which generally are not estimable, are not included in these liabilities.

Asset Retirement Obligation—At some sites, we are contractually obligated to decommission our plants upon site exit. These obligations are recorded at their fair value at the time the obligation is incurred. Upon initial recognition of the liability, that cost is capitalized as part of the related long lived asset and depreciation is recognized on a straight line basis over the useful life of the related asset. Accretion expense in connection with the discounted

liability is also recognized over the useful life of the related asset. Such depreciation accretion expenses are included in Finance costs.

3 Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the period as well as the information disclosed.

Critical Accounting Estimates and Assumptions

For our critical accounting estimates and assumptions, reference is made to the notes to these Consolidated Financial Statements, including the determination of deferred tax assets for loss carry forwards and the provision for tax contingencies (see Note 14 and 28), the determination of the fair values for business combinations (see Note 36), the determination of fair value and value in use of cash-generating units for goodwill impairment testing (see Note 16), the depreciation rates for property, plant and equipment (see Note 17), the assumptions used to determine the provision for retirement benefit obligations and periodic pension cost, such as expected salary increases, return on plan assets and benefit increases (see Note 29) and the more likely than not assessment required to determine whether or not to recognize and measure a provision (see Note 31 and 32).

Also, reference is made to Note 4 Financial Risk Management, which discusses our exposure to credit risk and financial market risks.

Actual results in the future may differ from those estimates. Estimates and judgments are being continually evaluated based on historic experience and other factors, including expectations of future events believed to be reasonable under the circumstances.

Critical Accounting Judgments in Applying LyondellBasell N.V.'s Accounting Policies

Capitalization of research and development costs—LyondellBasell N.V. has incurred research and development costs associated with developing catalyst systems, polymers and chemicals. Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Our intention to complete and our ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure, reliably, the expenditure during development

Significant judgments are required to determine the status of the projects and hence whether or not the relevant development should be capitalized. Management is required to determine whether or not the projects have progressed from a "research" phase into a "development" phase; and the timing of when the criteria outlined above can be clearly demonstrated.

4 Financial Risk Management

Commodity Price Risk

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

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

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

	Settled Commodity Contracts		
	Year Ended 31 December 2011		
Millions of dollars	Gain (Loss) Recognized in Income	Volumes Settled	Volume Unit
Successor			
Futures:			
Gasoline sales	$ 20	546	million gallons
Heating oil sales	3	609	million gallons
Butane purchases	(3)	23	million gallons
Crude oil	(6)	197	million gallons
	$ 14		
	1 May through 31 December 2010		
	Gain (Loss) Recognized in Income	Volumes Settled	Volume Unit
Futures:			
Gasoline sales	$ 8	397	million gallons
Heating oil sales	8	349	million gallons
Crude oil	(4)	294	million gallons
	$ 12		

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

	Open Commodity Contracts				
	31 December 2011				
		Notional Amounts			
Millions of dollars	Fair Value	Value	Volumes	Volume Unit	Maturity Dates
Futures:					
Gasoline sales	$ 12	$ 34	12	million gallons	January 2012 - February 2012
Heating oil sales	1	54	19	million gallons	January 2012
Butane purchases	(1)	22	12	million gallons	January 2012 - February 2012
	$ 12	$ 110			

	31 December 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			

We use value at risk ("VAR"), stress testing and scenario analysis for risk measurement and control purposes. VAR estimates the maximum potential loss in fair market values, given a certain move in prices over a certain period of time, using specified confidence levels. Using sensitivity analysis and hypothetical changes in market prices ranging from 26% to 36%, which represents the one year volatility ranges of the underlying products, the effect would have been to increase our net income by less than $1 million. The quantitative information about market risk is necessarily limited because it does not take into account the effects of the underlying operating transactions.

Foreign Exchange Risk

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

A significant portion of our reporting entities use the Euro as their functional currency. Our reporting currency is the U.S. Dollar. The translation gains or losses that result from the process of translating the Euro denominated financial statements to U.S. Dollars are deferred in Other comprehensive income ("OCI") until such time as those assets are realized. Changes in the value of the U.S. Dollar relative to the Euro can therefore have a significant impact on comprehensive income. We generally do not attempt to minimize or mitigate the foreign currency risks resulting from the translation of assets and liabilities of foreign operations into our reporting currency.

Some of our operations enter into transactions denominated in other than the functional currency. This results in exposure to foreign currency risk for financial instruments, including, but not limited to third party and intercompany receivables and payables, intercompany loans and third party debt. We maintain risk management control systems intended to monitor foreign currency risk attributable to outstanding foreign currency balances. The control systems involve the centralization of foreign currency exposure management, offsetting exposures and estimating the expected impacts of changes in foreign currency rates on our earnings. We enter into foreign currency spot, forward and swap contracts to reduce the effects of our net currency exchange exposures. At 31 December 2011, foreign currency spot, forward and swap contracts in the notional amount of $726 million, maturing in January 2012, were outstanding. The fair values, based on quoted market exchange rates, resulted in a net receivable of $12 million at 31 December 2011 and a net payable of $1 million at 31 December 2010.

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

Since 30 June 2010, our policy has been to maintain an approximately balanced position in foreign currencies to minimize exchange gains and losses arising from changes in exchange rates. This position is monitored weekly. A 10% fluctuation compared to the U.S. dollar in the underlying currencies would result in an additional impact to earnings of no more than $2.5 million in any reporting period.

For the period ended 31 December 2011 and 2010, Other losses, net, in the Consolidated Income Statement reflected a gain of $2 million and $29 million, in net exchange rate gains and losses, respectively.

Interest Rate Risk

We are exposed to interest rate risk with respect to variable rate debt. Our variable rate debt consists of our $2,000 million ($1,750 million in 2010) U.S. asset-based facility and our €450 million receivable securitization facility. At 31 December 2011 and 2010, there were no outstanding borrowings under these facilities.

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.

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.

Capital Risk Management

Capital includes equity attributable to the equity holders of the parent.

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

Liquidity and Capital Resources—As of 31 December 2011, we had cash on hand of $1,065 million ($4,222 million in 2010). In addition, we had total unused availability under our credit facilities of $2,183 million at 31 December 2011 ($1,883 million in 2010), which included the following:

- $1,738 million under our $2,000 million ($1,750 million in 2010) U.S. ABL facility, which is subject to a borrowing base net of outstanding borrowings and outstanding letters of credit provided under the facility. At 31 December 2010, the availability under the U.S. ABL facility was $1,380 million. At 31 December 2011 and 2010, we had $262 million and $370 million, respectively, of outstanding letters of credit and no outstanding borrowings under the facility.

- €321 million ($368 million in 2010) and $14 million ($16 million in 2010), totaling approximately $445 million ($503 million in 2010), under our €450 million European receivables securitization facility. Availability under the European receivables securitization facility is subject to a borrowing base, net of outstanding borrowings. There were no outstanding borrowings under this facility at 31 December 2011.

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

At 31 December 2011 and 2010, we had total short-term and long-term debt, including current maturities, of $3,997 million and $6,029 million, respectively.

Amendments—In November 2011, we obtained amendments to the indentures governing our 8% Senior Secured Notes and 11% Senior Secured Notes. These amendments include the release of all collateral securing the Notes and modification of other provisions relating to restrictive covenants.

In November 2011, an amendment to our European receivables securitization program resulted in a reduced pricing structure.

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

Fair Value Estimates

The following table summarizes financial assets and liabilities outstanding at 31 December that are measured at fair value on a recurring basis and the bases used to determine their fair value in the Consolidated Statement of Financial Position.

Millions of U.S. Dollars	Total	Quoted Prices in Active Markets for Identical Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
31 December 2011				
Assets at fair value				
Derivatives:				
Commodities	$ 13	$ - -	$ 13	$ - -
	$ 13	$ - -	$ 13	$ - -
Liabilities at fair value				
Derivatives:				
Warrants	$ 19	$ - -	$ 19	$ - -
Written put option	21	- -	- -	21
Commodities	1	- -	1	- -
Foreign currency	12	- -	12	- -
	$ 53	$ - -	$ 32	$ 21
31 December 2010				
Liabilities at fair value				
Derivatives:				
Warrants	$ 215	$ 215	$ - -	$ - -
Written put option	21	- -	- -	21
Commodities	1	- -	1	- -
	$ 237	$ 215	$ 1	$ 21

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 in 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 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 31 December 2011.

In the second quarter of 2011, the Company concluded that market price alone could not be relied upon to substantiate the fair value of the Company's warrants due to minimal trading activity. As a result, beginning in the third quarter we calculated the fair value of our warrants using the weighted average price of our stock for the last 20

trading days less the warrant exercise price. Accordingly, the warrants are classified as Level 2 in the valuation hierarchy. Quoted market prices as of 31 December 2010 were used to estimate the fair value of our warrants. A Black-Scholes option-pricing model was used to estimate the fair value of the warrants at 30 April 2010.

5 Revenue

Millions of U.S. Dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Sale of goods	$ 50,707	$ 27,429
Rendering of services	238	147
License income	90	108
Total revenue	$ 51,035	$ 27,684

Reference is made to Note 35 Segment Reporting for more information about revenues.

6 Expenses by Nature

Millions of U.S. Dollars	Note	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Change in inventories of finished goods and work in progress		$ 738	$ 803
Raw materials and utilities		39,789	20,878
Employee benefit expense	7	2,392	1,272
Depreciation, amortization, and impairment charges	16/17	986	582
Distribution expenses		1,167	786
Other expenses		1,589	1,270
Total cost of sales, selling costs, and administration expenses		$ 46,661	$ 25,591

7 Employee Benefit Expenses

Millions of U.S. Dollars	Note		For the Year Ended 31 December 2011		Period 15 October 2009 to 31 December 2010
Wages and salaries		$	1,685	$	991
Social securities			263		119
Share based compensation granted to directors and employees	8		31		22
Special dividend of $4.50 per share	8		17		- -
Pension costs – defined benefit obligations	29		87		75
Pension costs – defined contribution obligations			41		8
Other post-employment benefits – defined benefit obligations	29		24		15
Other employee benefits*			244		42
Total cost of employee benefits		$	2,392	$	1,272

** 2011 includes restructuring expenses of $197 million.*

8 Share-Based Compensation Granted to Directors and Employees

Medium-Term Incentive Plan

The Medium-Term Incentive Plan ("MTI") is designed to link the interests of senior management with the interests of shareholders by tying incentives to measurable corporate performance. The MTI plans for 2011 and 2010, provide payouts based on our return on assets and cost improvements over the three year calendar period for each plan. Benefits under the MTI plans will vest on the date following 31 December, of the third year, on which the Compensation Committee of the Supervisory Board certifies the performance results and will be paid by 31 March following the end of the performance cycle. The MTI provides for an accelerated pro-rata payout in the event of a change in control of the Company. The MTI, which is accounted for as a liability award, is classified in Other liabilities on the Consolidated Balance Sheets. We recorded compensation expense of $15 million for the year ended 31 December 2011, and $4 million for the eight months ended 31 December 2010, based on the expected achievement of performance results.

Long-Term Incentive Plan

Upon the acquisition of the LyondellBasell AF subsidiaries, LyondellBasell N.V. created the 2010 Long-Term Incentive Plan ("LTI"). Under the LTI, the Compensation Committee is authorized to grant restricted stock, restricted stock units, stock options, stock appreciation rights and other types of equity-based awards. The Compensation Committee determines the recipients of the equity awards, the type of award made, the required performance measures, and the timing and duration of each grant. The maximum number of shares of LyondellBasell N.V. stock reserved for issuance under the LTI is 22,000,000. In connection with the acquisition of LyondellBasell Holding B.V. and LyondellBasell Finance Company, awards were granted to our senior management and we have since granted awards for new hires and promotions. As of 31 December 2011, there were 9,706,880 shares remaining available for issuance.

The LTI awards resulted in compensation expense of $30 million and $22 million for the periods ended 31 December 2011 and 2010, respectively. Subsequently, the related tax benefit was $10 million and $8 million for the years ended 31 December 2011 and 2010, respectively.

Restricted Stock Units—Restricted stock units entitle the recipient to be paid out an equal number of ordinary shares on the fifth anniversary of the grant date, subject to forfeiture in the event of certain termination events. Restricted stock units are accounted for as an equity award with compensation cost recognized ratably over the vesting period. The holders of the restricted stock units are entitled to dividend equivalents to be settled no later than 15 March following the year in which dividends are paid as long as the participant is fully employed at the time of payment. In 2011, there were dividend payments of $0.10, $0.20, $0.25 and a special $4.50 dividend to all employees who had restricted stock grants.

The following table summarizes restricted stock unit activity for the periods ended 31 December 2011 and 2010 in thousands of units:

	Number of Units	Weighted Average price
Outstanding at 15 October 2009	- -	$ - -
Granted	2,037	17.65
Paid	(4)	17.61
Forfeited	(159)	17.61
Outstanding at 31 December 2010	1,874	$ 17.65
Granted	210	32.07
Paid	(19)	17.79
Forfeited	(60)	18.79
Outstanding at 31 December 2011	2,005	$ 19.13

The total compensation expense related to the outstanding restricted stock units during the years ended 31 December 2011 and 2010 was $7 million and $5 million, respectively. The related tax benefit was $2 million and $1 million for the years ended 31 December 2011 and 2010, respectively. Total dividend equivalents paid during 2011 was $9 million. As of 31 December 2011, the unrecognized compensation cost related to restricted stock units was $26 million, which is expected to be recognized over a weighted-average period of four years.

Stock Options—Stock options are granted with an exercise price equal to the market price of ordinary shares at the date of grant. The stock options are accounted for as an equity award with compensation cost recognized using the graded vesting method. We issued certain stock options to purchase 1% of the number of common stock shares outstanding at the acquisition of LyondellBasell Holding B.V. and LyondellBasell Finance Company. These options vest, retrospectively, in five equal, annual installments beginning on 14 May 2009 and may be exercised for a period of seven years following the grant date at a price of $17.61 per share, the fair value of the Company's common stock based on its reorganized value at the date of emergence. All other stock options granted before 4 May 2011 vest in equal increments on the second, third and fourth anniversary of the grant date and have a contractual term of ten years, with accelerated vesting upon death, disability, or change in control. Options granted after 4 May 2011 vest in equal increments on the first, second and third anniversary of the grant date and have a contractual term of ten years, with accelerated vesting upon death, disability, or change in control. Exercise prices range from $11.95 to $40.00.

On 25 November 2011, the Management Board of the Company, with the authorization of the Company's Supervisory Board, declared a special dividend of $4.50 per share to all shareholders of record on 25 November 2011. The special dividend was paid on 16 December 2011.

The Company's Long-Term Incentive Plan (the "LTI") provides for adjustments to the terms of awards granted under the LTI in certain circumstances, including the payment by the Company of special dividends. Pursuant to the provisions of the LTI, the Compensation Committee of the Supervisory Board authorized the reduction of the exercise price of all outstanding unvested stock options granted under the LTI. The reduction in exercise price of $4.50 per share was equal to the amount of the special dividend and was intended to provide an equitable adjustment to holders of stock options as a result of the Company's payment of the special dividend. The fair value of stock options was re-measured using the Black-Scholes option-pricing model before and after the modification. As a result of this modification, the Company's unrecognized stock option expense was increased by $17 million for all unvested shares and will be recognized on a prospective basis over the remaining term.

No other terms of the Company's employee stock options, including those held by named executive officers, have been changed.

The Compensation Committee also authorized a cash payment equal to the special dividend on each share underlying outstanding, vested employee stock options. Mr. Gallogly, the Company's Chief Executive Officer, is the only named executive officer that held vested stock options. This dividend equivalent payment was paid on 16 December 2011, resulting in compensation expense of $8 million.

The fair value of each stock option award is estimated, based on several assumptions, on the date of grant using the Black-Scholes option valuation model, under IFRS 2 *Share-based Payment*. The principal assumptions utilized in valuing stock options include the expected stock price volatility (based on the historic average of the common stock of our peer companies and the Company's historic stock price volatility over the expected term); the expected option life (an estimate based on a simplified approach); the expected dividend yield; and the risk-free interest rate (an estimate based on the yield of United States Treasury zero coupon bond with a maturity equal to the expected life of the option). In 2011, per share weighted-average fair value for all options granted was $7.86 before the re-measurement described above and $9.88 after re-measurement, compared to $7.82 in 2010. These fair values were computed using the following range of assumptions for the years ended 31 December:

	2011	2010
Dividend yield	3.00%	0.00%
Expected volatility	50.00%	47.00%
Risk-free interest rate	0.24-1.18%	1.63-2.94%
Weighted-average expected term, in years	3.4	5.2

The following table summarizes stock option activity for the periods ended 31 December 2011 and 2010 in thousands of shares for the non-qualified stock options:

	Shares	Weighted Average Price	Weighted-Average Remaining Term	Aggregate Intrinsic Value (million)
Outstanding at 15 October 2009	- -	$ - -	- -	$ - -
Granted on acquisition date	5,639	17.61	7.0 years	- -
Granted during the year	3,088	17.66	9.4 years	- -
Exercised	- -	- -	- -	- -
Forfeited	(237)	17.61	- -	- -
Outstanding at 31 December 2010	8,490	$ 17.63	7.5 years	$ 121
Exercisable at 31 December 2010	1,135	$ 17.61	6.3 years	$ 19
Outstanding at 1 January 2011	8,490	$ 17.63	7.5 years	$ - -
Granted during the year	62	33.02	9.4 years	- -
Exercised	(517)	17.61	- -	11
Forfeited	(58)	17.61	- -	- -
Outstanding at 31 December 2011	7,977	$ 14.24	6.7 years	$ 117
Exercisable at 31 December 2011	1,754	$ 17.61	5.3 years	$ 26

Total stock option expense was $17 million and $12 million for the periods ended 31 December 2011 and 2010, respectively. The related tax benefit was $6 million and $5 million for 2011 and 2010, respectively. As of 31 December 2011, the unrecognized compensation cost related to non-qualified stock options was $34 million, which is expected to be recognized over a weighted-average period of three years.

Restricted Stock Shares—On 1 May 2010, LyondellBasell N.V. issued restricted ordinary shares. The shares may not be sold or transferred until the restrictions lapse on 14 May 2014. The holder of the shares is entitled to receive dividends and have full voting rights during the restriction period.

The following table summarizes restricted stock shares activity for the period ended 31 December 2011 and 2010 in thousands of shares:

	Number of Units	Weighted Average price
Outstanding at 15 October 2009	- -	$ - -
Granted on acquisition date	1,772	17.61
Paid	- -	- -
Forfeited	- -	- -
Outstanding at 31 December 2010	1,772	$ 17.61
Outstanding at 1 January 2011	1,772	$ 17.61
Granted on acquisition date	- -	- -
Paid	- -	- -
Forfeited	- -	- -
Outstanding at 31 December 2011	1,772	$ 17.61

The total restricted stock shares expense was $6 million and $5 million for the period ended 31 December 2011 and 2010, respectively. The related tax benefit was $2 million and $2 million for the years 2011 and 2010, respectively. As of 31 December 2011, the unrecognized compensation cost related to restricted stock shares was $15 million, which is expected to be recognized over a weighted-average period of three years.

Stock Appreciation Rights—Certain employees in Europe were granted stock appreciation rights (“SARs”) under the LTI. SARs gives those employees the right to receive an amount of cash equal to the appreciation in the market value of the Company’s ordinary shares from the award’s grant date to the exercise date. Because the SARs are settled in cash, they are accounted for as a liability award. The SARs vest over three years beginning with the second anniversary of the grant date. We recognized less than $1 million of compensation expense related to SARs for both the years ending 31 December 2011 and 2010.

9 Key Management Remuneration

Management Board Pay—Our executive compensation program consists of four principal components:

- base salary;
- annual cash incentive compensation;
- medium-term incentive compensation; and
- long-term equity-based incentive compensation.

LyondellBasell Industries N.V.

The compensation awarded to our management board member in 2011 was as follows:

	2010	2011						
Thousands U.S. Dollars	**Total (1)**	**Base Salary**	**Stock Awards (2)**	**Stock Option Awards (3)**	**Non-equity Incentive Plan Compensation**	**Change in Pension Value**	**All Other Compensation**	**Total (1)(5)**
James L. Gallogly, *Chief Executive Officer*	$ 77,062	$ 1,500	$ - -	$ 11,064	$ 3,000	$ 13	$ 7,909	$ 23,486

(1) Information is based on full year compensation. Total expense recognized in the consolidated financial statements was $28.1 million and $15.7 million in 2011 and 2010, respectively.

(2) Mr. Gallogly was not granted any stock awards in 2011.

(3) Mr. Gallogly was not granted any stock options in 2011. The Company adjusted the exercise price of all outstanding, unvested stock options in connection with its declaration of a special dividend of $4.50 per share. The amount shown is the aggregate incremental fair value of Mr. Gallogly's stock options as a result of the adjustment to the exercise price calculated in accordance with IFRS 2. The fair value was estimated using the Black-Scholes option-pricing model. We use the Black-Scholes formula to calculate an assumed value of the options for compensation expense purposes; because the formula uses assumptions, the fair values calculated are not necessarily indicative of the actual values of the stock options. The assumptions used for Mr. Gallogly's stock options after the adjustment to the exercise price were a dividend yield of 3%; a risk-free interest rate of 0.24%; an expected life of 2 years; and a stock price volatility of 50%. Reference is made to Note 9.

(4) Includes a Company matching contribution under the 401(k) plan of $15 thousand. Also includes a dividend equivalent payment of $7,895 thousand on Mr. Gallogly's vested stock options.

(5) The dividends paid on the other equity awards held by Mr. Gallogly are not included in the Table above. These amounts include an aggregate of $5.05 in dividend payments on 1,771,794 shares of restricted stock for a total of $8,948 thousand.

Supervisory Board Pay—The members of our Supervisory Board receive equity and cash compensation for their service on the Supervisory Board and its committees. Compensation for members of the Supervisory Board is reviewed annually by the Nominating and Governance Committee, and is approved by shareholders.

Members of the Supervisory Board received grants of restricted stock units and cash retainers and fees. At the Annual General Meeting of shareholder in May 2011, our shareholders approved compensation for our directors as set out in the table below.

Annual retainer	
Cash	$ 60,000 ($80,000 for Chairman of the Board)
Restricted stock units	Valued at $120,000 ($150,000 for Chairman of the Board)
Board meeting fees	
Intercontinental travel	$ 12,500 for each meeting attended
Continental travel	$ 2,000 for each meeting attended
Committee fees	
Members	$ 10,000 ($11,000 for Audit Committee)
Chairman	$ 15,000 ($20,000 for Audit Chair)

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Actual amounts earned by or paid to Supervisory Directors in 2011 and 2010 are in the following table below:

	2010	2011			
Thousands of U.S. Dollars	**Total**	**Fees Earned or Paid in Cash ($) (1)**	**Stock Awards ($) (2) (3)**	**All Other Compensation ($) (4) (5)**	**Total**
Marvin O. Schlanger, Chairman of the Board	$ 199	$ 156	$ 150	$ 75	$ 381
Jacques Aigrain	- -	86	120	20	226
Jagjeet Bindra	- -	106	120	15	241
Robin Buchanan	- -	72	120	15	207
Milton Carroll	176	143	120	17	280
Stephen F. Cooper	161	127	120	44	291
Robert G. Gwin	- -	95	120	15	230
Joshua J. Harris (6)	149	112	120	44	276
Scott Kleinman (6)	162	158	120	44	322
Jeffrey A. Serota (7)	161	48	- -	2	50
Bruce A. Smith	176	162	120	44	326
Rudy M. J. van der Meer	140	120	120	15	255

2011

(1) Includes retainers, meeting and committee fees earned or paid through 31 December 2011.

(2) Includes 2,881 restricted stock units for all directors, other than Mr. Schlanger, who received 3,601 restricted stock units. In accordance with IFRS 2, Share-Based Payments, the grant date fair value of the awards generally is the number of shares issued times the market value of our shares on that date. See Note 8 for a description accounting for equity-based compensation in accordance with IFRS 2.

(3) The aggregate number of stock awards outstanding at fiscal yearend for each of the directors was 2,881 restricted stock units each for Messrs. Aigrain, Bindra, Buchanan, Carroll, Gwin and van der Meer; 8,422 restricted stock units each for Messrs. Cooper, Harris, Kleinman and Smith; and 10,527 restricted stock units for Mr. Schlanger. The directors have not received any option awards.

(4) Messrs. Aigrain and Schlanger each elected to have his Dutch sourced compensation taxed under the so-called "Dutch 30% tax ruling." Under the ruling, the reimbursement by the Company of expenses may be considered income in The Netherlands, and each of Messrs. Aigrain and Schlanger were taxed on certain reimbursements of expenses. The amounts in this column include $5,120 and $19,814 for Messrs. Aigrain and Schlanger, respectively, for gross-ups paid by the Company as a result of their reimbursements of expenses being taxed. The gross-ups were paid in Euros, and the dollar amounts are based on a conversion rate of 1.33375 on 31 December 2011. Also includes $1,773 of imputed income for preparation of 2010 Dutch tax filings for Messrs. Schlanger, Carroll, Cooper, Harris, Kleinman, Serota and Smith. The terms of the restricted stock unit awards granted to directors entitle them to dividend equivalent payments when and if dividends are paid on the Company's shares generally.

(5) Includes dividend equivalent payments in 2011 on outstanding restricted stock units held by the directors of $53,161 for Mr. Schlanger; $14,549 for Messrs. Aigrain, Bindra, Buchanan and Gwin; $15,103 for Messrs. Carroll and van der Meer; and $42,531 for Messrs. Cooper, Harris, Kleinman and Smith.

(6) Each of Messrs. Harris and Kleinman received these securities as a nominee for the sole benefit of an affiliate of Apollo. Such affiliate has all economic, pecuniary and voting rights, if any, in respect of such securities. Accordingly, Messrs. Harris and Kleinman each disclaim beneficial ownership of these securities.

(7) Mr. Serota resigned from the Supervisory Board effective 18 May 2011 pursuant to the terms of the Nomination Agreement between Ares Management and the Company as a result of Ares' interest in the Company's shares falling below 5% . In connection with the resignation, Mr. Serota's restricted stock units were forfeited. The value of the award granted to Mr. Serota in May 2011 was $119,994, which represented 2,881 restricted stock units.

10 Other Losses, Net

Millions of U.S. Dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Gain on foreign exchange	$ (2)	$ (29)
Loss on fair value movement of warrants	37	114
Total losses, net	$ 35	$ 85

11 Other Operating Expense

Millions of U.S. Dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Reorganization expense	$ 44	$ 23
Other	7	8
Total other operating expense	$ 51	$ 31

12 Other Operating Income

Millions of U.S. Dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Gains on sales of assets	$ 55	$ 64
Insurance reimbursement	15	- -
Other	15	- -
Total other operating income	$ 85	$ 64

In 2011, we received proceeds of $57 million for the sale of surplus precious metals and recognized a $41 million gain, which is reflected in the table above in Gains on sales of assets.

In December 2010, we completed the sale of LyondellBasell Flavors & Fragrances, LLC, receiving proceeds of $154 million and recognized a gain of $64 million in Other income.

13 Finance Costs

Millions of U.S. Dollars	Note	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Interest expense on borrowings		$ 602	$ 517
Prepayment premiums and extinguishment losses	27	443	8
Provisions for unwinding of discount	31	4	4
Foreign exchange loss from borrowings and cash		19	9
Total finance costs		$ 1,068	$ 538

14 Income Tax Expense

Millions of U.S. Dollars	Note	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Current tax on profits for the year		$ 620	$ 151
Deferred tax - origination and reversal of temporary difference	30	570	365
Income tax expense		$ 1,190	$ 516

The tax on LyondellBasell N.V.'s profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

Millions of U.S. Dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Profit before tax	$ 3,559	$ 1,608
Tax calculated at domestic tax rates applicable to profits in the respective countries	1,171	504
Tax effects of:		
Non-taxable income and non-deductible expenses	(29)	11
Notional royalties	(23)	(15)
Tax losses for which no deferred income tax asset was recognized	37	9
U.S. manufacturing deduction	(30)	- -
Uncertain tax positions	4	- -
Warrants and stock compensation	9	29
Other	51	(22)
Tax charge	$ 1,190	$ 516

The weighted average applicable tax rate in 2011 and 2010 were 32.9% and 31.3%, respectively. The weighted average applicable tax rates increased due to the increased proportion of pre-tax income and associated tax provisions generated in the U.S., which has a statutory federal income tax rate of 35%.

Deferred tax related to items charged or (credited) directly to other comprehensive income during the period is as follows:

Millions of U.S. Dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Retirement benefit obligation	$ (137)	$ (30)
Currency translation differences	1	4
	$ (136)	$ (26)

Deferred tax related to items charged or (credited) directly to equity during the period is as follows:

Millions of U.S. Dollars	Note	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Current tax		$ (2)	$ - -
Deferred tax:			
Equity issuance costs	30	- -	(21)
Share base payments	30	(7)	(5)
		$ (9)	$ (26)

15 Earnings Per Share

Basic earnings per share—Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Company and held as treasury shares.

Millions of U.S. Dollars, except per share data	2011	2010
Profit attributable to LyondellBasell N.V.	$ 2,376	$ 1,099
Profit attributable to participating securities	(13)	(7)
Profit attributable to equity holders of the Company	$ 2,363	$ 1,092
Basic weighted average common stock outstanding	568	564
Basic earnings per share	$ 4.16	$ 1.94

Diluted earnings per share—Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has unvested restricted stock and restricted stock units that are considered participating securities for earnings per share.

LyondellBasell Industries N.V.

Millions of U.S. Dollars, except per share data	**2011**	**2010**
Profit attributable to LyondellBasell N.V.	$ 2,376	$ 1,099
Profit attributable to participating securities	(13)	(7)
Profit attributable to equity holders of the Company	2,363	1,092
Basic weighted average common stock outstanding	568	564
Effect of dilutive securities:		
MTI awards	1	- -
Stock options	3	- -
Dilutive potential shares	572	564
Diluted earnings per share	$ 4.13	$ 1.94
Anti-dilutive stock options and warrants	1	12
Participating securities	4	4
Dividend per share related to 2010	$ 0.10	$ - -
Interim dividend per share of common stock	$ 0.45	$ - -
Special dividend per share of common stock	$ 4.50	$ - -

16 Intangible Assets

Millions of U.S. Dollars	Note	Research and Development	Goodwill	Emission Allowances	Favorable Contracts and Other Intangibles	Total
Balance at 15 October 2009		$ - -	$ - -	$ - -	$ - -	$ - -
Acquisitions	36	132	333	733	609	1,807
Additions		9	- -	- -	11	20
Amortization		- -	- -	(46)	(76)	(122)
Impairment		(3)	- -	- -	- -	(3)
Exchange differences		- -	2	- -	- -	2
At 31 December 2010		$ 138	$ 335	$ 687	$ 544	$ 1,704
At 31 December 2010						
Cost		$ 141	$ 335	$ 733	$ 620	$ 1,829
Accumulated amortization and impairment		(3)	- -	(46)	(76)	(125)
Closing balance		$ 138	$ 335	$ 687	$ 544	$ 1,704
Balance at 1 January 2011		$ 138	$ 335	$ 687	$ 544	$ 1,704
Additions		14	- -	- -	10	24
Amortization		(3)	- -	(82)	(89)	(174)
Impairment		(17)	- -	- -	- -	(17)
Exchange differences		1	(3)	- -	- -	(2)
At 31 December 2011		$ 133	$ 332	$ 605	$ 465	$ 1,535
At 31 December 2011						
Cost		$ 156	$ 332	$ 733	$ 630	$ 1,851
Accumulated amortization and impairment		(23)	- -	(128)	(165)	(316)
Closing balance		$ 133	$ 332	$ 605	$ 465	$ 1,535

Research and development–The carrying amount of the research and development with an indefinite useful life at 31 December 2011 and 2010 were $29 million and $138 million, respectively. Projects classified as in a development stage are not amortized. Our expenditures on research and development recognized as an expense for the year ended 31 December 2011 and for the period ended 31 December 2010 were $141 million and $71 million, respectively. Amortization expense would normally be recorded as part of Cost of sales.

Goodwill–Goodwill is allocated to the group's cash-generating units ("CGUs") identified according to operating segment. We recorded goodwill of $335 million upon acquisition of the LyondellBasell AF subsidiaries. The reported goodwill and deferred tax liabilities reflect an adjustment of $134 million related to the overstatement of goodwill and deferred income taxes reported in previous Financial Report for the period ended 31 December 2010 (see Note 2). This correction has no cumulative impact on retained earnings.

Goodwill changed from $335 million at 31 December 2010 to $332 million at 31 December 2011. The change in goodwill is the result of foreign exchange translation.

The allocation of the goodwill is presented in the table below:

Millions of U.S. Dollars		31 December 2011		31 December 2010
Intermediates and Derivatives	$	192	$	195
Olefins and Polyolefins - Americas		131		131
Technology		9		9
Total	$	332	$	335

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates and are estimated by extrapolating the projections using a long-term growth rate of sales. Based on this analysis, LyondellBasell N.V. did not recognize any impairments.

The calculation of value is most sensitive to the following assumptions:

- Gross margin
- Pre-tax discount rates
- Market share assumptions; and
- Growth rate used to extrapolate cash flows beyond the budget period

Gross margins—Gross margins are predicted in the planning period by using key hydrocarbon pricing estimates and product variable margins based on macroeconomic predictions and individual supply and demand balances.

Pre-tax discount rates—Pre-tax discount rates (“discount rates”) represent the current market assessment of the risks specific to each cash generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the nature of the assets and activities of the Company’s business and its operating segments and derived from its WACC. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company’s nature of the assets and activities. The average nominal pre-tax discount rate applied was 16% (16% in 2010).

Market share assumptions—These assumptions are based on forecasts of demand for our products taking into consideration increases or decreases in global capacity.

Growth rate estimates—Rates are based upon managements’ best estimates which are determined using published third party sources, internal knowledge and market insights based on macroeconomic predictions. The average nominal growth rates applied is 3% (3% in 2010).

With regard to the assessment of value in use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value to materially exceed its recoverable amount.

17 Property, Plant and Equipment

Millions of U.S. Dollars	Note	Land	Building and Equipment	Assets Under Construction	PO Assets	Other	Total
Balance at 15 October 2009		$ - -	$ - -	$ - -	$ - -	$ - -	$ - -
Acquisitions	36	290	6,175	612	452	3	7,532
Additions		- -	- -	539	1	- -	540
Transfers		- -	562	(562)	- -	- -	- -
Disposals		- -	(34)	(1)	- -	- -	(35)
Depreciation		- -	(417)	- -	(16)	- -	(433)
Impairment		- -	(5)	(19)	- -	- -	(24)
Exchange differences		1	52	- -	- -	- -	53
Other changes		- -	(5)	- -	- -	- -	(5)
At 31 December 2010		$ 291	$ 6,328	$ 569	$ 437	$ 3	$ 7,628
At 31 December 2010							
Cost		291	6,750	569	453	3	8,066
Accumulated amortization and impairment		- -	(422)	- -	(16)	- -	(438)
Closing balance		$ 291	$ 6,328	$ 569	$ 437	$ 3	$ 7,628
Balance at 1 January 2011		$ 291	$ 6,328	$ 569	$ 437	$ 3	$ 7,628
Additions		17	513	490	8	5	1,033
Transfers		- -	227	(233)	- -	6	- -
Disposals		- -	(10)	- -	- -	- -	(10)
Depreciation		- -	(718)	- -	(29)	(6)	(753)
Impairment		- -	(1)	(31)	- -	- -	(32)
Exchange differences		(1)	(88)	(10)	(4)	4	(99)
At 31 December 2011		$ 307	$ 6,251	$ 785	$ 412	$ 12	$ 7,767
At 31 December 2011							
Cost		307	7,392	816	457	18	8,990
Accumulated amortization and impairment		- -	(1,141)	(31)	(45)	(6)	(1,223)
Closing balance		$ 307	$ 6,251	$ 785	$ 412	$ 12	$ 7,767

Depreciation is recorded as part of Cost of sales, Selling cost and Administrative expenses.

Depreciation and impairment charge—Depreciation and impairments expenses of $763 million and $450 million have been charged in Cost of sales, $1 million and $1 million has been charged in Selling costs, and $21 million and $10 million has been charged in Administrative expenses for the year ended 31 December 2011 and for the period ended 31 December 2010, respectively.

PO Assets—We, together with Bayer AG and Bayer Corporation (collectively "Bayer"), share ownership in a U.S. propylene oxide ("PO") manufacturing site (the "U.S. PO Joint Assets") 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 Assets of 1.5 billion pounds in 2011 and 2010. We take in kind the remaining PO production and all co-product styrene monomer ("SM" or "styrene") and tertiary butyl ether ("TBA") production from the U.S. PO Joint Assets.

In addition, we and Bayer each have a 50% interest in a separate manufacturing site (the "European PO Joint Assets"), 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 Assets.

We and Bayer do not share marketing or product sales under the U.S. PO Joint Assets. We operate the U.S. PO Joint Assets and the European PO Joint Assets (collectively the "PO joint assets") plants and arrange and coordinate the logistics of product delivery. The partners share in the cost of production and logistics based on their product offtake.

We report the cost of our product offtake as inventory and cost of sales in our consolidated financial statements. Related cash flows are reported in the operating cash flow section of the Consolidated Statements of Cash Flows.

18 Investments in Associates

Millions of U.S. Dollars	31 December 2011	31 December 2010
Opening balance	$ 1,552	$ - -
Acquisitions	- -	1,571
Share in profit/loss on associates, net of tax	216	87
Dividends received	(121)	(34)
Dividends declared	- -	(87)
Currency exchange differences	(22)	(7)
Other	(20)	22
Closing Balance	$ 1,605	$ 1,552

None of the associates is listed on a stock exchange.

19 Financial Assets and Liabilities by Category

	2011			2010		
Millions of U.S. Dollars	Loans and Receivables	Assets Held at Fair Value	Total	Loans and Receivables	Assets Held at Fair Value	Total
Financial assets at 31 December						
Trade and other receivables, excluding prepayments	$ 4,423	$ 31	$ 4,454	$ 4,367	$ 7	$ 4,374
Cash and cash equivalents	1,065	- -	1,065	4,222	- -	4,222
Total	$ 5,488	$ 31	$ 5,519	$ 8,589	$ 7	$ 8,596

	2011			2010		
Millions of U.S. Dollars	Liabilities at Fair Value through Profit and Loss	Other Financial Liabilities at Amortized Costs	Total	Liabilities at Fair Value through Profit and Loss	Other Financial Liabilities at Amortized Costs	Total
Financial liabilities at 31 December						
Borrowings	$ 15	$ 3,982	$ 3,997	$ 12	$ 6,017	$ 6,029
Derivative financial instruments	53	- -	53	237	- -	237
Trade and other payables	- -	4,459	4,459	- -	4,095	4,095
Total	$ 68	$ 8,441	$ 8,509	$ 249	$ 10,112	$ 10,361

20 Credit Quality of Financial Assets

Investments in cash and cash equivalents and transactions involving derivative financial instruments are entered into with counterparties that have sound credit ratings and a good reputation.

We have a global credit risk management policy in place to minimize credit losses due to non-performance of our customer base. We monitor our exposure to credit risk on an on-going basis through a team of credit professionals stationed in our key global markets. We have managed our customer credit risk very closely over the past two years as the world economy as slowly recovered from the financial crisis by monitoring our aging analysis along with payment and financial performance. Where appropriate additional security instruments, letters of credit or corporate guarantees, are secured. Due to our global breath and scale we do not have a significant concentration of customer risk. Our largest counterparty risk amounted to $116 million and $80 million at 31 December 2011 and 2010, respectively.

21 Derivative Financial Instruments

Millions of U.S. Dollars	31 December 2011	31 December 2010
Asset derivatives not designated as hedges:		
Commodities	$ 13	$ - -
Total	$ 13	$ - -
Liability derivatives not designated as hedges:		
Warrants	$ 19	$ 215
Written put option	21	21
Commodities	1	1
Foreign currency	12	1
Total	$ 53	$ 238

Written put option—The subsidiary that holds the Company's equity interest in an associate has a minority shareholder, which holds 16.21% of its equity. The equity interest held by the minority shareholder can be called by the Company or can be put to the Company by the minority interest shareholder at any time after 23 May 2009. The price of the call option is the nominal value of the shares (initial $18 million investment) plus accrued interest based on LIBOR plus 40 basis points, less paid dividends. The liability recognized in respect of the written put, is measured at management's best estimate of the redemption amount discounted back from the expected redemption date.

Warrants—As at 31 December 2011 and 2010, we have/had warrants to purchase 1,000,223 and 11,508,104 ordinary shares at exercise prices of $13.77 and $15.90 per ordinary share issued and outstanding, respectively. The warrants have anti-dilution protection for in-kind stock dividends, stock splits, stock combinations and similar transactions, including other than ordinary course dividends, and may be exercised at any time until the close of business on 30 April 2017. As a result of the special dividend declared on 25 November 2011 the exercise price of the warrants was adjusted to $13.77. Upon an affiliate change of control, the holders of the warrants may put the warrants to LyondellBasell N.V. at a price equal to, as applicable, the in-the-money value of the warrants or the Black-Scholes value of the warrants.

In the second quarter of 2011, the Company concluded that market price alone could not be relied upon to substantiate the fair value of the Company's warrants due to minimal trading activity. As a result, beginning in the third quarter we calculated the fair value of our warrants using the weighted average price of our stock for the last 20 trading days less the warrant exercise price. Accordingly, the warrants are classified as Level 2 in the valuation hierarchy.

For further details on derivatives reference is made to Note 4 Financing Risk Management.

22 Inventories

Millions of U.S. Dollars	31 December 2011	31 December 2010
Finished goods	$ 3,333	$ 2,665
Parts and materials	415	437
Raw materials and supplies	1,906	1,512
Total inventories	$ 5,654	$ 4,614

Cost of inventories of $45,744 million and $25,020 million in 2011 and 2010, respectively, has been recognized as expense and included in Cost of sales.

23 Trade and Other Receivables

Millions of U.S. Dollars	31 December 2011	31 December 2010
Trade receivables	$ 3,598	$ 3,498
Trade receivables on related parties	197	352
Less: provision for impairment of trade receivables	(16)	(12)
Trade receivables, net	3,779	3,838
Social security and other taxes	387	299
Prepaid expenses	204	288
Other	288	237
Total	4,658	4,662
Less: non-current portion	(116)	(112)
Current portion	$ 4,542	$ 4,550

The carrying value of the trade and other receivables approximates their fair value. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. We do not hold any collateral as security.

The prepaid expenses relate to insurance and rent.

The provision for doubtful trade receivables is determined based on ageing and reviewed periodically. The creation and release of provisions for impaired receivables have been included in Selling costs in the Consolidated Income Statement.

The ageing of the gross trade receivables not impaired at the reporting date was as follows:

Millions of U.S. Dollars	31 December 2011	31 December 2010
Amounts undue	$ 3,568	$ 3,578
Past due 0-90 days	179	214
Past due 91-180 days	32	46
	$ 3,779	$ 3,838

The ageing of the gross trade receivables (partly) impaired at the reporting date was as follows:

	31 December 2011		31 December 2010	
Millions of U.S. Dollars	Gross	Provision	Gross	Provision
Amounts undue	$ - -	$ - -	$ - -	$ - -
Past due 0-90 days	- -	- -	- -	- -
Past due 91-180 days	16	16	12	12
	$ 16	$ 16	$ 12	$ 12

At 31 December 2011 and 2010, trade receivables of an initial value of $16 million and $12 million, respectively, were impaired and fully provided for. The movement in the provision for doubtful accounts is as follows:

Millions of U.S. Dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Opening balance	$ 12	$ - -
Additions	4	12
Closing balance	$ 16	$ 12

Trade receivables secured by letters of credit were $158 million and $249 million at 31 December 2011 and 2010, respectively. The carrying amounts of trade and other receivables are denominated in the following currencies:

Millions of U.S. Dollars	31 December 2011	31 December 2010
USD	$ 2,210	$ 2,502
EUR	1,993	1,823
Other	455	337
	$ 4,658	$ 4,662

For further details on trade receivables reference is made to Note 4 Financial Risk Management.

24 Cash and Cash Equivalents

For the purpose of the Consolidated Statements of Cash Flows, Cash and cash equivalents comprise the following at 31 December:

Millions of U.S. Dollars	2011	2010
Cash at bank and on hand	$ 181	$ 2,022
Short term deposits	884	2,200
	$ 1,065	$ 4,222

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements, and earn interest at the respective short-term deposit rates.

25 Equity Attributable to Owners of the Company

For a breakdown of Equity attributable to equity holders, reference is made to the Consolidated Statement of Changes in Equity. For a detail of the non-distributable reserves, reference is made to the Corporate Financial Statements.

Common Stock—On 30 April 2010, approximately 563.9 million shares of LyondellBasell N.V. common stock, including 300 million shares of class A new ordinary shares were issued in connection with the acquisition of LyondellBasell AF's entities (Note 36). In addition, approximately 263.9 million shares of LyondellBasell N.V. class B ordinary shares were issued in connection with a rights offering for gross proceeds of $2,800 million (net - $2,735 million). On 6 December 2010, 263.9 million class B ordinary shares converted into class A ordinary shares on a one-for-one basis in accordance with their terms.

Dividend distribution—On 5 May 2011, shareholders approved the payment of a dividend of $0.10 per ordinary share at the Annual General Meeting of Shareholders in Rotterdam, the Netherlands. The dividend, totaling $57 million, was paid 26 May 2011 to shareholders of record on 5 May 2011. On 3 August 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 17 August 2011 which was paid on 7 September 2011 for an aggregate of $114 million. On 14 November 2011, the Management Board of the Company recommended the payment of a special dividend of $4.50 per share and a quarterly dividend of $0.25 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 special dividend of $4.50 per share and a quarterly dividend of $0.25 per share to shareholders of record as of 25 November 2011, which were paid on 16 December 2011 for an aggregate of $2,722 million. The Supervisory Board has authorized the company's Management Board to declare a dividend of $0.25 per share to be paid on 30 March 2012 to shareholders of record as of 12 March 2012, subject to the adoption of a resolution by the Management Board, which is expected to occur on 12 March 2012.

The following dividends were declared and paid by us for the period ended 31 December:

Millions of U.S. Dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Paid during the year:		
Dividends paid relating to 2010: $0.10 per share	$ 57	$ - -
Interim dividend for 2011: $0.45 per share	256	- -
Special dividend: $4.50 per share	2,580	- -
	$ 2,893	$ - -

We may pay unlimited restricted payments, including dividend distributions, pursuant to certain terms in our 8% senior notes and 11% senior notes as well as our U.S. ABL Facility as long as specific leverage and liquidity ratios are maintained. Under the terms of the indentures governing the Senior 8% and 11% notes, we can pay unlimited restricted payments if we maintain a two-to-one leverage ratio before any restricted payments may be made and after the effect of any such payments. Under the U.S. ABL Facility we can pay unlimited restricted payments if we maintain availability of at least thirty percent of the Facility both before and after any restricted payments.

Conversion of Class B Ordinary Shares—Our Articles of Association provided that at the earlier of (i) the request of the relevant holder of class B ordinary shares with respect to the number of class B ordinary shares specified by such holder (ii) acquisition by us of one or more class B ordinary shares or (iii) the first date upon which the closing price per share of the class B ordinary shares has exceeded 200% of $10.61 for at least forty-five trading days within a period of sixty consecutive trading days (provided that the closing price per share of the class B ordinary shares exceeded such threshold on both the first and last day of the sixty day period), each such class B ordinary share would be converted into one class A ordinary share. At the close of business on 6 December 2010, the provision in (iii) was met, and the 263.9 million class B shares outstanding at that date that had not previously been converted in accordance with (i), above, converted into an equal number of class A ordinary shares.

Treasury shares—Repurchased ordinary shares ("treasury shares") are recorded in the balance sheet as a deduction from shareholders' equity at cost. Consideration received for the sale of such shares is also recognized in equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of treasury shares.

In connection with our formation, we issued one million one hundred twenty-five thousand (1,125,000), four Eurocent (€0.04) each, class A ordinary shares for €45 thousand to Stichting TopCo, a foundation formed under the laws of The Netherlands (the "Foundation"). On 30 April 2010, the Foundation transferred the shares from the Foundation for nil consideration. These shares are classified as Treasury stock on our Consolidated Statement of Financial Position.

The changes in the outstanding number of Ordinary shares and class B ordinary shares and treasury shares for the period were as follows:

	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Ordinary shares:		
Balance at the beginning of the period	566,798,873	- -
Incorporation of the Company 15 October 2009	- -	1,125,000
Issued 30 April 2010	- -	300,000,000
Share-based compensation	534,876	1,774,196
Conversion of class B ordinary shares	- -	263,901,979
Warrants exercised	7,179,416	47
Purchased and held as Treasury shares	- -	(1,125,000)
Change in shares held as Treasury shares	2,928,362	1,122,651
Balance at the end of the period	577,441,527	566,798,873
Class B ordinary shares:		
Issued 30 April 2010	- -	263,901,979
Conversion to class A ordinary shares	- -	(263,901,979)
Balance at the end of the period	- -	- -
Ordinary shares held as treasury shares:		
Balance at the beginning of the period	1,122,651	- -
Shares contributed by the Foundation 30 April 2010	- -	1,125,000
Shares tendered to exercise warrants	3,462,693	53
Share-based compensation	(534,331)	(2,402)
Balance at the end of the period	4,051,013	1,122,651

Retained earnings–Below is a detailed overview of the movements in the retained earnings:

Millions of U.S. Dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Balance at the beginning of the period	$ 1,099	$ - -
Profit for the period	2,376	1,099
Cash dividend	(2,893)	- -
Balance at the end of the period	$ 582	$ 1,099

26 Non-Controlling Interest

Millions of U.S. Dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Balance at the beginning of the period	$ 61	$ - -
Business combination	- -	54
Net income (loss) attributable to non-controlling interest	(7)	(7)
Contribution by the partnership	- -	14
Balance at the end of the period	$ 54	$ 61

Non-controlling interests primarily represent the interests of unaffiliated investors in a partnership that owns our PO/SM II plant at the Channelview, Texas complex and a subsidiary owning an equity investment in the Al-Waha Petrochemicals Ltd.

27 Borrowings

The carrying amounts of the borrowings and the fair value of the non-current borrowings as of 31 December are as follows:

	2011		2010	
Millions of U.S. Dollars	Carrying Value	Fair Value	Carrying Value	Fair Value
Non-current				
Senior Term Loan Facility due 2016	$ - -	$ - -	$ 5	$ 5
Senior Notes due 2021, $1,000 million, 6.0%	983	1,035	- -	- -
Senior Secured Notes due 2017, $2,250 million, 8.0%	607	672	1,983	2,258
Senior Secured Notes due 2017, €375 million, 8.0%	132	143	442	489
Senior Secured Notes due 2018, $ 3,240 million, 11.0%	1,918	2,066	3,240	3,686
Guaranteed Notes, due 2027, 8.1%	300	327	300	324
Other	5	4	13	13
Total	$ 3,945	$ 4,247	$ 5,983	$ 6,775
Current				
Finance payables to equity investees	$ - -	$ - -	$ 11	$ 11
Other	52	52	35	35
Total	$ 52	$ 52	$ 46	$ 46
Total borrowings	$ 3,997	$ 4,299	$ 6,029	$ 6,821

The fair values of the senior secured notes, senior term loan facility, and guaranteed notes are based on the price of bonds provided through broker quotes from well-established and recognized vendors of market data for debt

valuations. The fair value of the finance payable to investees and the others equals the carrying amount, as the impact of discounting is not significant.

The carrying amounts of our borrowings are denominated in the following currencies at 31 December:

Millions of U.S. Dollars	**31 December 2011**	**31 December 2010**
USD	$ 3,847	$ 5,565
EUR	142	454
Other	8	10
	$ 3,997	$ 6,029

Aggregate maturities of debt during the next five years are $52 million in 2012, $1 million in each of the years 2013 through 2016, and $3,976 million thereafter.

Pursuant to a cash tender offer, in November 2011 we repaid $2,802 million principal amount of debt, comprising $1,204 million of our 8% senior secured dollar notes due 2017, €200 million ($274 million) of our 8% senior secured euro notes due 2017, $1,319 million of our 11% senior secured notes due 2018, paying premiums of $397 million and other related fees of $7 million. Also in November 2011, we repaid the $5 million outstanding on our senior term loan facility. In conjunction with the tender offer, we obtained consents from the note holders to release the collateral securing the notes and to modify other provisions in the indentures governing the notes related to restrictive covenants.

6% Senior Notes—On 14 November 2011, we issued $1.0 billion of 6% senior notes due 2021 (the "6% senior notes") and received proceeds of $985 million. In December 2011, we used the net proceeds from the offering of the 6% senior notes, together with available cash, to pay a special dividend in the aggregate amount of $2.6 billion to shareholders of record on 25 November 2011.

The 6% senior notes, which mature on 15 November 2021, bear interest at 6% per annum. Interest is payable semiannually, in arrears, on 15 May and 15 November of each year.

The 6% senior notes are guaranteed on a senior basis by, subject to certain exceptions, each existing and future wholly owned U.S. subsidiary of LyondellBasell N.V. (the "U.S. Subsidiary Guarantors") that is an issuer or co-issuer in respect of, or guarantees, any debt securities issued in the capital markets by LyondellBasell N.V. or any subsidiary. Such guarantees will automatically be released if such guarantor is no longer an issuer, co-issuer or guarantor of such debt securities.

The 6% senior notes are unsecured obligations and will rank *pari passu* in right of payment with all of our existing and future senior unsecured indebtedness and senior in right of payment to any of our future subordinated indebtedness. The 6% senior notes rank effectively junior in right of payment to any of our secured indebtedness, including indebtedness under our U.S. asset based revolving credit facility, which is secured principally by a lien on collateral consisting primarily of inventory and receivables held in the United States, to the extent of the value of the collateral securing such indebtedness. In addition, the 6% senior notes are structurally subordinated to all liabilities of our subsidiaries that do not guarantee the notes including the European securitization facility and the 2027 notes.

The 6% senior notes may be redeemed, in whole at any time or in part from time to time prior to the date that is 90 days prior to the scheduled maturity date of the notes at a redemption price equal to 100% of the principal amount thereof plus a make-whole premium and accrued and unpaid interest to the redemption date. In addition, the

6% senior notes may be redeemed at any time or in part from time to time after the date that is 90 days prior to the final maturity date of the notes at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest to the redemption date.

8% Senior Notes—The $2,250 million of 8% senior secured dollar notes due 2017 (the "8% senior dollar notes") and €375 million of senior secured euro notes due 2017 (the "8% senior euro notes"), are jointly and severally, and fully and unconditionally guaranteed by LyondellBasell N.V. and, subject to certain exceptions, each existing and future wholly owned U.S. restricted subsidiary of LyondellBasell N.V. (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").

The 8% senior notes, which mature on 1 November 2017, bear interest at 8% per annum, payable semi-annually in arrears on 1 May and 1 November of each year.

In conjunction with the tender offer described above, all collateral securing the 8% senior notes was released and other provisions in the indenture governing the notes related to restrictive covenants were modified.

The 8% senior notes rank effectively junior in right of payment to any of our secured indebtedness, including indebtedness under our U.S. asset based revolving credit facility, to the extent of the value of the collateral securing such indebtedness. In addition, the 8% senior notes are structurally subordinated to all liabilities of our subsidiaries that do not guarantee the notes.

Lyondell Chemical has the option to redeem up to 10% of the outstanding 8% senior notes annually prior to 1 May 2013 at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to the redemption date.

In addition, the 8% senior notes are redeemable by Lyondell Chemical in whole at any time or in part from time to time prior to 1 May 2013 at a redemption price equal to 100% of the principal amount thereof plus a make-whole premium and accrued and unpaid interest to the redemption date. On or after 1 May 2013 Lyondell Chemical may redeem all or part of the 8% senior notes at specified redemption premium percentages according to the date the notes are redeemed plus accrued and unpaid interest to the applicable redemption date. The 8% senior notes are redeemable at par on or after 1 May 2016.

The indenture governing the 8% senior notes contains covenants, subject to certain exceptions, that restrict, among other things, debt and lien incurrence; investments; certain restricted payments; sales of assets and mergers; and affiliate transactions.

Under the terms of the indenture governing the 8% senior notes, we are permitted to make unlimited restricted payments at any time as long as both prior to and after giving effect to such payments, Lyondell Chemical's leverage ratio would not exceed 2.00 to 1.00.

Several of the restrictive covenants would be suspended if we receive an investment grade rating from two rating agencies. The 8% senior notes are not subject to the maintenance of any specific financial covenant.

As described above, in November 2011 we redeemed $1,204 million of our 8% senior dollar notes and €200 million ($274 million) of our 8% senior euro notes. In May 2011, we redeemed $203 million of our 8% senior dollar notes and €34 million ($50 million) of our 8% senior euro notes, equal to 10% of the then outstanding notes, at a redemption price of 103% of par, paying premiums totaling $7 million. In December 2010, we redeemed $225 million of our 8% senior dollar notes and €37.5 million ($50 million) of our 8% senior euro notes equal to 10%

of the then outstanding notes, at a redemption price of 103% of par, paying premiums of $8 million collectively interest expense in 2011 and the 2010 Successor period reflects the effect of these prepayment premiums.

11% Senior Notes—The $3,240 million 11% senior secured notes due 2018 (the "11% senior notes") are guaranteed by the same Guarantors that guarantee the 8% senior notes. The 11% senior notes, which mature on 1 May 2018, bear interest at 11% per annum, payable semiannually in arrears on 1 February and 1 August of each year. The 11% senior notes are redeemable by Lyondell Chemical in whole at any time or in part from time to time prior to 1 May 2013 at a redemption price equal to 100% of the principal amount thereof plus a make-whole premium and accrued and unpaid interest to the redemption date. The 11% senior notes are redeemable at par on or after 1 May 2013.

In November 2011, in connection with the tender offer, we redeemed $1,319 million of our 11% senior notes paying premiums and consent fees totaling $185 million and released all collateral securing the notes and amended certain restrictive covenants in the indenture governing the notes.

The indenture governing the 11% senior notes contains covenants, subject to certain exceptions, that restrict, among other things, debt and lien incurrence; investments; certain restricted payments; sales of assets and mergers; and affiliate transactions.

Under the terms of the indenture governing the 11% senior notes, we are permitted to make unlimited restricted payments at any time as long as both prior to and after giving effect to such payments, Lyondell Chemical's leverage ratio would not exceed 2.00 to 1.00.

Registration Rights Agreements—In connection with the issuance of the 6% senior notes, on 14 November 2011, LyondellBasell N.V. and the U.S. Subsidiary Guarantors entered into a registration rights agreement (the "Registration Rights Agreement") requiring LyondellBasell N.V. to file and cause to become effective a registration statement with the SEC to register an offer to exchange the 6% senior notes for registered notes with substantially identical terms (other than restrictions on transfer and provisions for additional interest) within one year of 14 November 2011.

Senior Term Loan Facility—During the 2010 Successor period, we made payments under the Senior Term Loan Facility totaling $495 million, including a $1 million mandatory quarterly amortization payment in September 2010 and $494 million in December 2010. In November 2011, we repaid the remaining $5 million outstanding under this facility. As a result of such repayment the senior term loan facility was terminated.

U.S. ABL Facility—We have a $2,000 million U.S. asset-based facility ("U.S. ABL Facility"), which may be used for advances or to issue up to $700 million of letters of credit. Lyondell Chemical paid fees of $70 million related to the completion of this financing. Borrowings under the U.S. ABL Facility bear interest at the Base Rate or LIBOR, plus an applicable margin, and the lenders are paid a commitment fee on the average daily unused commitments. On 2 June 2011, we amended our U.S. ABL Facility to, among other things, (i) increase the size of the facility from $1,750 million to $2,000 million; (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 31 December 2011 and 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 31 December 2011. The borrowing base is determined using formula applied to accounts receivable and inventory balances, and is reduced to the extent of outstanding letters of credit under the facility. Advances under this new facility are available to our subsidiaries, Lyondell Chemical, Equistar Chemicals LP, Houston Refining LP, or LyondellBasell Acetyls LLC.

Obligations under the U.S. ABL Facility are guaranteed jointly and severally, and fully and unconditionally, on a senior secured basis, by the guarantors for the 8% senior notes and 11% senior notes (including, Lyondell Chemical and except, in the case of any guarantor that is a borrower under the facility, to the extent of its own obligations in its capacity as a borrower). The borrowers' obligations under the U.S. ABL Facility and the related guarantees are secured by a first priority lien on all present and after-acquired inventory, accounts receivable, related contracts and other rights, deposit accounts into which proceeds of the foregoing are credited, and books and records related thereto, together with all proceeds of the foregoing, in each case to the extent of the rights, title and interest therein of any ABL borrowers. In November 2011, in connection with the tender offer the second priority lien on the collateral that secured the 8% senior notes and senior term loan facility was released in accordance with terms of the U.S. ABL Facility.

Mandatory prepayments of the loans under the U.S. ABL Facility will be made from net cash proceeds from certain sales of collateral securing the facility and insurance and condemnation awards involving the facility.

In the event excess availability under the U.S. ABL Facility falls below $250 million on any business day, we are required to comply with a minimum fixed charge coverage ratio of not less than 1.00 to 1.00, measured quarterly. The fixed charge coverage ratio is defined in the facility, generally, as the ratio of earnings before interest, taxes, depreciation and amortization less capital expenditures to consolidated interest expense, plus dividends on preferred or other preferential stock, adjusted for relevant taxes, dividends on common stock and scheduled repayments of debt.

Under the terms of the U.S. ABL Facility, we are permitted to make unlimited restricted payments at any time as long as at least 30% of the facility is available both prior to and after giving effect to such payments.

Guaranteed Notes due 2027—We have outstanding fixed interest rate Guaranteed Notes ("the 2027 notes") of $300 million with a maturity date of 15 March 2027. Interest is 8.1% and is payable semiannually, in arrears, on 15 March and 15 September of each year.

The 2027 notes are guaranteed by LyondellBasell Industries Holdings B.V., a subsidiary of LyondellBasell N.V. The 2027 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 and The Netherlands that are direct or indirect wholly owned subsidiaries of LyondellBasell Industries Holdings B.V.

The 2027 notes contain customary provisions for default, including, among others, the non-payment of principal and interest on the 2027 notes, the occurrence of certain defaults under other indebtedness, failure to pay certain indebtedness and the insolvency or bankruptcy of certain LyondellBasell N.V. subsidiaries.

Receivables securitization programs—On 4 May 2010, we refinanced, in full, and replaced our then existing €450 million accounts receivable facility with a new three-year European receivables securitization facility (the "European Securitization Facility"). Transfers of accounts receivable under this program do not qualify as sales; therefore, the transferred accounts receivable and the proceeds received through such transfers are included in Trade receivables, net, and Short-term debt in the Consolidated Balance Sheets. In October 2010, the amounts outstanding under the receivable securitization program were repaid. The lenders receive a commitment fee on the unused commitments. In November 2011, we obtained an amendment to reduce pricing under the European Securitization Facility. Availability under the European Securitization Facility is subject to a borrowing base, net of outstanding borrowings. At 31 December 2011, the borrowing base was €321 million and $14 million (totaling approximately $445 million). There were no outstanding borrowings under this facility at 31 December, 2011.

28 Deferred Income Tax

The balance sheet classifications are as follows:

Millions of U.S. Dollars	31 December 2011	31 December 2010
Deferred tax assets:		
Deferred tax asset to be recovered after more than 12 months	$ (50)	$ (66)
Deferred tax asset to be recovered within 12 months	(41)	(62)
	(91)	(128)
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 12 months	873	790
Deferred tax liabilities to be recovered within 12 months	470	167
	1,343	957
Deferred tax liabilities, net	$ 1,252	$ 829

The gross movement on the deferred income tax account is as follows:

Millions of U.S. Dollars	Note	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Opening balance		$ 829	$ - -
Deferred taxes assumed through business combination	36	- -	516
Income statement charge	14	570	365
Tax charge/(credit) relating to components of other comprehensive income	14	(137)	(26)
Tax charge/(credit) directly relating to equity	14	(7)	(26)
Currency translation adjustment		(3)	- -
Deferred tax liabilities, net		$ 1,252	$ 829

The movement in deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Millions of U.S. Dollars	Retirement Benefit Obligation	Tax Losses	Deferred Interest Carry Forward	Other	Total
Balance at 15 October 2009	$ - -	$ - -	$ - -	$ - -	$ - -
Acquisitions	453	631	852	285	2,221
(Charged)/credited to the income statement	31	(555)	44	(36)	(516)
(Charged)/credited to other comprehensive income	30	- -	- -	(4)	26
(Charged)/credited to equity	- -	21	- -	5	26
Balance at 31 December 2010	$ 514	$ 97	$ 896	$ 250	$ 1,757
Balance at 1 January 2011	$ 514	$ 97	$ 896	$ 250	$ 1,757
(Charged)/credited to the income statement	(162)	(47)	(277)	(65)	(551)
(Charged)/credited to other comprehensive income	137	- -	- -	- -	137
(Charged)/credited to equity	- -	- -	- -	7	7
Currency translation adjustment	2	4	- -	(4)	2
Balance at 31 December 2011	$ 491	$ 54	$ 619	$ 188	$ 1,352

Millions of U.S. Dollars	Intangible Assets	Accelerated Tax Depreciation	Inventory	Other	Total
Balance at 15 October 2009	$ - -	$ - -	$ - -	$ - -	$ - -
Acquisitions	388	1,564	765	20	2,737
Charged/(credited) to the income statement	(28)	36	(170)	11	(151)
Balance at 31 December 2010	$ 360	$ 1,600	$ 595	$ 31	$ 2,586
Balance at 1 January 2011	$ 360	$ 1,600	$ 595	$ 31	$ 2,586
Charged/(credited) to the income statement	54	(128)	77	16	19
Currency translation adjustment	(1)	(10)	10	- -	(1)
Balance at 31 December 2011	$ 413	$ 1,462	$ 682	$ 47	$ 2,604

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Company did not recognize deferred tax assets of $565 million and $548 million in respect of losses amounting to $2,120 million and $2,107 million for the years ending 31 December 2011 and 2010, respectively that can be carried forward against future taxable income. Tax losses will not expire before 2015.

Contingencies—Certain income tax returns of LyondellBasell N.V. and its subsidiaries are under examination by tax authorities. These audits may result in proposed assessments by the tax authorities. The Company believes that its tax positions comply with applicable tax law and intends to defend its positions through appropriate administrative and judicial processes.

The U.S. Internal Revenue Service is examining the Company's federal income tax returns. As part of that review, the IRS is examining whether, under Section 7874 of the Internal Revenue Code, LyondellBasell Industries N.V. should be treated as a U.S. corporation for U.S. for Federal income tax purposes. Treatment of LyondellBasell Industries N.V. as a U.S. corporation would result in an increased tax liability as our worldwide income would be subject to U.S. federal income tax. No assurance can be given that the IRS will not determine that Section 7874 is applicable to us, nor can there be assurance that any such position taken by the IRS would not be sustained. Our current best estimate of the contingent loss is zero.

29 Retirement Benefit Obligations

Millions of U.S. Dollars	Note	2011	2010
Asset in the Consolidated Statement of Financial Position:			
Defined benefit pension plans		$ (6)	$ (20)
Liabilities in the Consolidated Statement of Financial Position:			
Defined benefit pension plans		$ 1,115	$ 1,194
Other post-employment benefit plans		365	332
Total liabilities		$ 1,480	$ 1,526
Income statement charge:	7		
Defined benefit pension plans		$ 87	$ 75
Other post-employment benefit plans		24	15
Total charges		$ 111	$ 90
Amounts recognized in the Consolidated Statement of Other Comprehensive Income in the period (before tax):			
Actuarial losses		$ 380	$ 57
Effect of asset limitation and minimum funding requirement		44	- -
Total recognized in Other Comprehensive Income in the period		$ 424	$ 57
Cumulative amounts recognized in the Consolidated Statement of Other Comprehensive Income (before tax)			
Actuarial losses		$ 439	$ 57
Effect of asset limitation and minimum funding requirement		44	- -
Cumulative amounts recognized in the Consolidated Statement of Other Comprehensive Income (before tax)		$ 483	$ 57

We have defined benefit pension plans which cover employees in various countries. We also sponsor postretirement benefit plans other than pensions for U.S. and Canadian employees, which provide medical benefits to those employees. In Italy and Germany, we provide other post-employment benefits such as early retirement and deferred compensation severance benefits. We use a measurement date of 31 December for all of our benefit plans.

Pension benefits

The amounts recognized in the balance sheet are determined as follows:

Millions of U.S. Dollars	31 December 2011	31 December 2010
Present value of funded obligations	$ (2,776)	$ (2,366)
Fair value of plan assets	2,082	1,760
	(694)	(606)
Present value of unfunded obligations	(385)	(568)
Unrecognized past service cost	11	- -
Effect of asset limitation and minimum funding requirement	(41)	- -
Net liability	$ (1,109)	$ (1,174)

Changes in the present value of the defined benefit obligations are as follows:

Millions of U.S. Dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Opening balance	$ 2,934	$ - -
Liabilities assumed through acquisition	- -	2,824
Current service cost	69	48
Interest cost	147	96
Plan participants' contributions	3	2
Amendments	15	10
Actuarial losses	218	77
Curtailments	(2)	1
Settlements	(31)	- -
Benefits paid	(158)	(135)
Exchange differences	(34)	11
Closing balance	$ 3,161	$ 2,934

Changes in the fair values of plan assets are as follows:

Millions of U.S. Dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Opening balance	$ 1,760	$ - -
Acquisition	- -	1,706
Expected return on plan assets	140	80
Actuarial (losses)/gains	(141)	39
Employer contributions	526	63
Employee contributions	3	2
Benefits paid	(158)	(135)
Expenses paid	(2)	(1)
Settlements	(31)	- -
Exchange differences	(15)	6
Closing balance	$ 2,082	$ 1,760

The expected contributions to be paid to the plans during 2012 are $151 million.

The actual return on plan assets was a loss of $1 million (a gain of $119 million in 2010).

The major categories of plan assets as a percentage of total plan assets are:

	2011	2010
Common and preferred stock	51%	56%
Fixed income securities	39%	33%
U.S. government securities	5%	6%
Alternatives [(a)]	5%	5%

(a) Include investments in property, hedge funds, and insurance annuity contracts.

Our pension plans have not invested in securities of LyondellBasell Industries N.V. and there have been no significant transaction between any of the pension plans in the Company or related parties thereof.

The amounts recognized in the Consolidated Income Statement are as follows:

Millions of U.S. Dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Current service cost	$ 69	$ 48
Interest cost	147	96
Expected return on plan assets	(140)	(80)
Past service cost	3	10
Curtailment (gain)/loss recognized	(1)	1
Settlement loss recognized	9	- -
	$ 87	$ 75

	2011	2010
Weighted-average assumptions to determine benefit obligations are as follows:		
Discount rate	4.33%	5.10%
Rate of salary increase	3.66%	3.67%
Rate of price inflation	2.75%	2.73%
Rate of pension increase	1.76%	1.78%
Weighted-average assumptions to determine net pension cost are as follows:		
Discount rate	5.10%	5.34%
Expected long-term rate of return on plan assets	7.45%	7.48%
Rate of salary increase	3.73%	3.66%
Rate of price inflation	2.80%	2.70%
Rate of pension increase	2.01%	1.92%

The history of experience gains and losses are as follows:

Millions of U.S. Dollars	2011	2010
Defined benefit obligations	$ (3,161)	$ (2,934)
Fair value of plan assets	2,082	1,760
Deficit	$ (1,079)	$ (1,174)

	2011	2010
The difference between the expected and actual return on plan assets are as follows:		
Amount	$ 141	$ (39)
Percentage of plan assets	7%	-2%
The experience loss on plan liabilities are as follows:		
Amount	$ 37	$ 21
Percentage of present value of plan liabilities	1%	1%

Other post-employment benefits plan

The amounts recognized in the balance sheet are determined as follows:

Millions of U.S. Dollars	31 December 2011	31 December 2010
Present value of unfunded obligations	$ (364)	$ (332)
Unrecognized past service benefit	(1)	- -
Net liability	$ (365)	$ (332)

Changes in the present value of the defined benefit obligations are as follows:

Millions of U.S. Dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Opening balance	$ 332	$ - -
Liabilities assumed through acquisition	- -	316
Current service cost	5	4
Interest cost	19	12
Plan participants' contributions	9	6
Amendments	(1)	- -
Actuarial losses	30	20
Benefits paid	(31)	(21)
Other	2	(5)
Closing balance	$ 365	$ 332

The amounts recognized in the Consolidated Income Statement are as follows:

Millions of U.S. Dollars	31 December 2011	31 December 2010
Current service cost	$ 5	$ 4
Interest cost	19	11
	$ 24	$ 15

	2011	2010
Weighted-average assumptions to determine benefit obligations are as follows:		
Discount rate	4.05%	5.02%
Rate of salary increase	3.96%	3.97%
Rate of price inflation	2.00%	2.00%
Weighted-average assumptions to determine net pension cost are as follows:		
Discount rate	5.02%	5.69%
Rate of salary increase	3.97%	3.69%
Rate of price inflation	2.00%	2.00%

For 2012, the weighted average assumed annual rate of increase in the cost of covered health care benefits is 8.02%. It is assumed to decrease gradually to 4.48% in the year 2026 and remain at that level thereafter. Changing the assumed health care cost trend would have the following effect:

Millions of U.S. Dollars	One percentage point increase	One percentage point decrease
Effect on total of service and interest cost components in 2011	$ - -	$ - -
Effects on benefit obligation as of 31 December 2010	4	(3)
Effect on total of service and interest cost components in 2012	$ - -	$ - -
Effects on benefit obligation as of 31 December 2011	1	(1)

The history of experience gains and losses are as follows:

Millions of U.S. Dollars	2011	2010
Defined benefit obligation	$ (364)	$ (332)
Fair value of plan assets	- -	- -
Deficit	$ (364)	$ (332)

	2011	2010
The experience (gain)/loss on plan liabilities are as follows:		
Amount	$ (8)	$ 4
Percentage of present value of plan liabilities	-2%	1%

30 Trade and Other Payables

Millions of U.S. Dollars	Note	31 December 2011	31 December 2010
Trade payables		$ 2,563	$ 1,968
Amounts due to related parties	33	852	793
Social securities and other taxes		102	134
Accrued expenses		942	1,200
		$ 4,459	$ 4,095

31 Provisions for Other Liabilities and Charges

Millions of U.S. Dollars	Note	Asset Retirement Obligation	Environmental	Restructuring	Other	Total
Balance at 15 October 2009		$ - -	$ - -	$ - -	$ - -	$ - -
Liabilities assumed by acquisition	36	142	93	94	98	427
Additions		- -	17	21	34	72
Used during the period		(11)	(3)	(36)	(15)	(65)
Unwinding of discount		4	- -	- -	- -	4
Other		(8)	- -	- -	- -	(8)
At 31 December 2010		$ 127	$ 107	$ 79	$ 117	$ 430
Of which:						
Non-current		$ 116	$ 102	$ 40	$ 90	$ 348
Current		11	5	39	27	82
Closing balance		$ 127	$ 107	$ 79	$ 117	$ 430
Balance at 1 January 2011		$ 127	$ 107	$ 79	$ 117	$ 430
Additions		46	25	213	15	299
Unused amounts reversed		(5)	- -	(16)	- -	(21)
Used during the period		(28)	(8)	(36)	(27)	(99)
Unwinding of discount		4	- -	- -	- -	4
Exchange differences		(4)	(4)	(3)	(2)	(13)
Other		- -	- -	- -	(3)	(3)
At 31 December 2011		$ 140	$ 120	$ 237	$ 100	$ 597
Of which:						
Non-current		$ 119	$ 102	$ 158	$ 61	$ 440
Current		21	18	79	39	157
Closing balance		$ 140	$ 120	$ 237	$ 100	$ 597

Asset retirement obligations—At some sites, we are contractually obligated to decommission our plants upon site exit. We have provided for the net present value of the estimated costs. Typically such costs are incurred within three years after a plant's closure.

Environmental remediation—Our accrued liability for future environmental remediation costs at current and former plant sites and other remediation sites totaled $120 million and $107 million as of 31 December 2011 and 2010, respectively. 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.

Restructuring—In connection with current restructuring activities, we have recognized severance charges totaling $197 million for the separation of employees. The restructuring cost primarily relates to the suspension of operations at the Berre refinery in France and optimization of our operations in Europe and North America. We may incur additional costs related to these activities that cannot be reasonably estimated at this time.

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. On 4 January 2012, refinery operations were suspended. The suspension of operations was in accordance with an agreement executed in the fourth quarter by our French entities and union representatives addressing the procedures by which suspension of refinery operations and the consultations would be governed. Consultations with the relevant Works Councils are in progress.

The Company has recorded a charge of $136 million in the fourth quarter of 2011 based on our current estimation of the cost of the social plan and as a result of inventory write-downs. Final costs to be incurred are contingent on completion of the consultations. The Company expects to incur additional costs in connection with the cessation of operations. The Company does not believe any such additional costs will be material to its results of operations.

32 Contingencies and Commitments

Contingencies

Litigation and Other Matters

BASF Lawsuit

On 12 April 2005, BASF Corporation ("BASF") filed a lawsuit in New Jersey 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. On 13 August 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 3 October 2007, the judge in the state court case determined that prejudgment interest on the verdict amounted to $36 million and issued an order to that effect. Lyondell Chemical appealed the judgment and posted an appeal bond, which is collateralized by a $200 million letter of credit.

On 28 December 2010, the New Jersey appellate court reversed the judgment and the case was remanded for a new trial on damages in New Jersey state court. The parties reached a settlement of the case in December 2011, under which Lyondell Chemical made a payment of $100 million and allowed BASF an unsecured claim of $80 million. The unsecured claim will be paid from the LyondellBasell Litigation Trust under the Company's Plan of Reorganization. The settlement was approved by the Bankruptcy Court on 18 January 2012, and we expect the appeal bond to be dissolved sometime in the first quarter 2012 and the case to be dismissed with prejudice thereafter.

Access Indemnity Demand

On 20 December 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 17 January 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 sometime 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 11 December 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.

On 26 June 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 27 April 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 13 June 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 parties 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 31 December 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 with certainty 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 subsidiaries of the Company, to indemnify us 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 did not recognize any of these assets.

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 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. The ultimate outcome of this matter cannot be predicted at this time or whether other matters raising compliance issues will be discovered, including under other statutes. 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.

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.

Commitments

Purchase commitments—We have various purchase commitments for materials, supplies and services incident to the ordinary conduct of business, generally for quantities required for its businesses and at prevailing market prices.

These commitments are designed to assure sources of supply and are not expected to be in excess of normal requirements. Our capital expenditure commitments at 31 December 2011 were in the normal course of business.

Operating lease commitments—We lease office facilities, railcars, vehicles, and other equipment under long-term operating leases. Some leases contain renewal provisions, purchase options and escalation clauses. Additionally, we have entered into a long-term agreement with an information technology service provider that is cancellable by us with a six-month notice period and payment of a cancellation fee. This agreement is classified as an operating lease.

The operating lease expense for 2011 and 2010 totaled $288 million and $184 million, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Millions of U.S. Dollars	31 December 2011	31 December 2010
No later than 1 year	$ 241	$ 280
Later than 1 year and no later than 5 years	618	820
Later than 5 years	269	590
Total	$ 1,128	$ 1,690

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.

33 Related Parties

The Company has related party transactions with affiliates of our major shareholders, Access Industries (“Access”) and Apollo Management (“Apollo”), and with the Company’s associates and joint ventures.

Access—In May 2010, we entered into a tax cooperation agreement with Access. The tax cooperation agreement allows either party to provide the other with information and support in connection with tax return preparation and audits for a fee. Payments received under this agreement during 2011 were less than $1 million.

Apollo—As a result of the distribution and the issuance of ordinary shares of LyondellBasell N.V. common stock under a rights offering on the acquisition (Note 36), we began reporting transactions between the Company and entities in which Apollo and its affiliates own interests as related party transactions. These transactions include the sales of product under a long-term contract that renews automatically each year on 31 July unless a 90 day notice of termination has been received. Other product sales are made on the spot market.

Associates and Joint Ventures—The Company has related party transactions with its equity investees. These related party transactions include the sales and purchases of goods in the normal course of business as well as certain financing arrangements and are at arm’s length basis. In addition, under arm’s length contractual arrangements with certain of the Company’s equity investees, we receive certain services, utilities, materials and facilities at some of our manufacturing sites and we provide certain services to our equity investees.

In December 2009, LyondellBasell N.V. advanced €10 million ($14 million) to its joint venture partner, Basell Orlen Polyolefins SP.Z.O.O. under a loan agreement that matures on 31 December 2013. The loan was repaid in full in September 2011.

Millions of U.S. Dollars	31 December 2011	31 December 2010
The Company billed related parties for:		
Sale of products –		
Apollo affiliates	$ 375	$ 235
Equity investees	740	488
Shared services agreements –		
Apollo affiliates	13	- -
Equity investees	11	22
Related parties billed the Company for:		
Sale of products –		
Equity investees	$ 3,403	$ 803
Shared services agreements –		
Equity investees	115	56
Year-end balances with related parties:		
Receivable from Apollo affiliates	31	40
Receivable from Equity investees	166	312
Loans to Equity investees	23	35
Loans from Equity investees	- -	11
Payables to Equity investees	852	793

34 Non-Cash Transaction

The holders of our warrants, may at their option, purchase shares in a non-cash exercise. The amount of shares delivered under such an exercise is calculated using the treasury method of accounting and assumes the exercise price was paid in cash. During 2011, $317 million was recorded as Additional paid-in capital for the purchase of 8.3 million ordinary shares, of which 3.5 million ordinary shares are held in treasury.

As discussed in Note 36 Acquisition of LyondellBasell AF's Entities, the Company acquired the Lyondell AF entities on 30 April 2010. Except for $123 million in cash, the acquisition of these entities is by means of equity issue (class A common stock) and warrants issue. The fair value of the equity issue and warrants are determined at $7,131 million and $101 million respectively.

35 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 HDPE, LDPE and linear low density polyethylene ("LLDPE"), and polypropylene; and *Catalloy* process resins;

- Olefins and Polyolefins—Europe, Asia, International, 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 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, ethanol, and methanol and fragrance and flavor chemicals;

- 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"), ethyl tertiary butyl ether ("ETBE"); and

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

Accounting policies for internal reporting are based on U.S. GAAP and materially similar to those described in Summary of Significant Accounting Policies (see Note 2), except for:

Business Combination versus fresh start accounting—In accordance with Financial Accounting Standards Board ("FASB") Accounting Codification ("ASC") Topic 852, Reorganizations ("ASC 852"), the Group applied fresh start accounting as of 30 April 2010. Fresh start accounting requires that all relevant assets and liabilities be measured at their fair value as at 30 April 2010 based on the restructuring of the organization. Under IFRS and this financial report, the restructuring of the Group has been accounted for under IFRS 3(R), Business combinations. One of the key differences between ASC 852 and IFRS 3 (R) is that IFRS 3 (R) recognizes the so called measurement period. Any changes to estimates due to contingencies as of 30 April 2010 are accounted for retrospectively under IFRS but prospectively under U.S. GAAP.

Inventories—The Group measures its inventories in accordance with the Last In, First Out ("LIFO") method, which is permitted under U.S. GAAP. LIFO is prohibited under IFRS according to IAS 2, Inventories and therefore for the Consolidated Financial Statements the inventories are measured using the First In, First Out ("FIFO") basis. This method difference between the reportable segments and the consolidated information has resulted in differing cost of sales and net profit for the period.

Other—Amongst others, there are minor differences between the subsequent measurement in the asset retirement obligation and measurement of retirement benefit obligations. If material, these differences are disclosed in the segment and consolidated financial statement reconciliation.

Sales between segments are made primarily at prices approximating prevailing market prices.

Millions of U.S. Dollars	Olefins and Polyolefins – Americas	Olefins and Polyolefins – Europe, Asia & International	Intermediates & Derivatives	Refining and Oxyfuels	Technology	Other	Total
Year Ended 31 December 2011							
Sales and other operating revenues:							
Customers	$ 10,349	$ 15,070	$ 6,419	$ 18,765	$ 376	$ 56	$ 51,035
Intersegment	4,531	390	68	1,968	130	(7,087)	- -
	14,880	15,460	6,487	20,733	506	(7,031)	51,035
Operating income	1,857	475	862	718	107	(21)	3,998
Income from equity investments	21	168	27	- -	- -	- -	216
Capital expenditures	425	235	99	255	26	10	1,050
Depreciation and amortization expense	246	262	142	197	84	- -	931

Millions of U.S. Dollars	Olefins and Polyolefins – Americas	Olefins and Polyolefins – Europe, Asia & International	Intermediates & Derivatives	Refining and Oxyfuels	Technology	Other	Total
1 May through 31 December 2010							
Sales and other operating revenues:							
Customers	$ 5,993	$ 8,522	$ 3,714	$ 9,180	$ 291	$ (16)	$ 27,684
Intersegment	2,413	207	40	1,141	74	(3,875)	- -
	8,406	8,729	3,754	10,321	365	(3,891)	27,684
Operating income	1,043	411	512	241	69	(22)	2,254
Income (loss) from equity investments	16	68	2	- -	- -	- -	86
Capital expenditures	146	105	76	108	19	12	466
Depreciation and amortization expense	151	146	81	107	78	(5)	558

Reconciliation of operating income for reportable segments to the Company's Consolidated Income Statement is summarized in the following table.

Millions of U.S. Dollars	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Total operating income for reportable segment	$ 3,998	$ 2,254
Measurement difference:		
Inventories valuation	358	(209)
Measurement period changes	- -	46
Classification difference:		
Other income	85	64
Fair value changes on warrants	(37)	(114)
Others	(31)	- -
Total Company's operating income	$ 4,373	$ 2,041

Long-lived assets of continuing operations, including goodwill, are summarized and reconciled to consolidated totals in the following table.

Millions of U.S. Dollars	Olefins and Polyolefins – Americas	Olefins and Polyolefins – Europe, Asia & International	Intermediates & Derivatives	Refining and Oxyfuels	Technology	Other	Total
31 December 2011							
Property, plant, and equipment, net	$ 1,945	$ 2,389	$ 2,001	$ 1,092	$ 319	$ 21	$ 7,767
Equity and other investments	154	1,311	140	- -	- -	- -	1,605
Goodwill	162	172	242	- -	9	- -	585
31 December 2010							
Property, plant, and equipment, net	$ 1,696	$ 2,458	$ 2,137	$ 937	$ 351	$ 49	$ 7,628
Equity and other investments	164	1,276	112	- -	- -	- -	1,552
Goodwill	354	178	246	- -	9	- -	787

Reconciliation of goodwill for reportable segments to the Consolidated Statement of Financial Position is summarized in the following table.

Millions of U.S. Dollars	Olefins and Polyolefins – Americas	Olefins and Polyolefins – Europe, Asia & International	Intermediates & Derivatives	Technology	Total
31 December 2010					
Goodwill for reportable segment	$ 162	$ 178	$ 246	$ 9	$ 595
Measurement period changes	(31)	(178)	(51)	- -	(260)
Total Company's goodwill	$ 131	$ - -	$ 195	$ 9	$ 335
31 December 2011					
Goodwill for reportable segment	$ 162	$ 172	$ 242	$ 9	$ 585
Measurement period changes including exchange differences	(31)	(172)	(50)	- -	(253)
Total Company's goodwill	$ 131	$ - -	$ 192	$ 9	$ 332

The following geographic data for revenues are based upon the delivery location of the product and for long-lived assets, the location of the assets.

Millions of U.S. Dollars	31 December 2011	31 December 2010
Europe	$ 18,327	$ 10,480
North America	26,527	14,046
Other	6,181	3,158
Total revenue	$ 51,035	$ 27,684

Millions of U.S. Dollars	2011	2010
United States	$ 4,105	$ 3,792
Non-U.S.:		
Germany	1,601	1,706
The Netherlands	746	752
France	558	609
Other non-U.S.	757	768
Total non-U.S.	3,662	3,835
Total property, plant and equipment	$ 7,767	$ 7,627

36 Acquisition of LyondellBasell AF's Entities

On 23 April 2010, the U.S. Bankruptcy Court confirmed LyondellBasell AF's Third Amended Plan of Reorganization (the "Plan" or "Plan of Reorganization") and the Debtors emerged from chapter 11 protection on 30

April 2010. In conjunction with this emergence from chapter 11, LyondellBasell N.V., acquired the ordinary shares of LyondellBasell Subholdings B.V. and LyondellBasell Finance Company LLC. As a result of the acquisition, LyondellBasell N.V. becomes a global manufacturer of chemicals and plastics, a refiner of crude oil, including heavy, high-sulfur crude oil, a significant producer of gasoline blending components and a licensor of technology processes.

If the acquisition had occurred on 1 January 2010, the Group revenue would have been approximately $41,151 million, and profit before allocations would have been $1,738 million. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiaries to reflect the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2010, together with the consequential tax effects.

The goodwill of $333 million mainly arises from the requirements to record the tax effect of the differences for the tax and book basis of the Company's assets and liabilities assumed. None of the goodwill recognized is expected to be deductible for income tax purposes. The reported goodwill and deferred tax liabilities reflect an adjustment of $134 million related to the overstatement of goodwill and deferred income taxes (see Note 2). This correction has no cumulative impact on retained earnings.

The following table summarizes the consideration paid and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date, as well as the fair value of the non-controlling interest at the acquisition date. As 31 December 2010, there are no assets or liabilities provisionally fair valued.

Millions of U.S. Dollars		30 April 2010
Consideration:		
Cash	$	123
Issuance of Class A common stock		7,131
Issuance of warrants		101
Total consideration transferred	$	7,355
Recognized amounts of identifiable assets acquired and liabilities assumed:		
Identifiable intangible assets	$	1,474
Property, plant and equipment		7,532
Equity investments		1,571
Available-for-sale financial assets		6
Inventories		4,849
Trade receivables and other assets		4,714
Current income tax (net)		119
Cash and cash equivalents		119
Borrowings		(7,153)
Retirement benefit obligations		(1,450)
Provisions		(427)
Deferred income taxes (net)		(516)
Trade payables and other payables		(3,762)
Total identifiable net assets		7,076
Non-controlling interest		(54)
Goodwill		333
Net assets	$	7,355

Fair value of consideration– The fair value of the Class A common shares issued as part of the consideration was determined using a combination of customary valuation techniques, including among other things:

- The peer group trading analysis methodology which calculates the total reorganization value of LyondellBasell N.V. by applying valuation metrics derived from an analysis of publicly traded peer companies to LyondellBasell N.V.'s estimated Earnings before interest, tax, depreciation and amortization (EBITDA):
    - Valuation metrics consist of implied market trading multiples and are calculated by dividing the publicly traded peer company's market capitalization by its respective EBITDA;
    - The peer group trading analysis was performed on both a consolidated and reported segment basis; and
    - Public peer companies were selected based on their comparability to LyondellBasell N.V.'s reportable operating segments, with those comparable companies primarily operating in the diversified commodity chemicals, refining and technology businesses.
- Discounted cash flow valuation methodology which calculates the reorganization value of LyondellBasell N.V. as the sum of the present value of its projected unlevered after-tax free cash flows. The resulting reorganization valuation is representative of LyondellBasell N.V. on a cash-free, debt-free basis:
    - Financial projections beginning 1 May 2010 were estimated based on a 4-year and 8-month detailed forecast followed with a higher level 10-year forecast. These projections reflected certain economic and industry information relevant to the operating businesses of LyondellBasell N.V. and estimated cyclical trends where appropriate. Various time periods within the approximately 15-year forecast period were evaluated including the entire period itself. To the extent that such cycles are, or commodity price volatility within any cycle is, greater or smaller than estimated, the estimate of the reorganization value could vary significantly;
    - The projected cash flows associated with the projections were discounted at a range of rates that reflected the estimated range of weighted average cost of capital ("WACC");
    - The imputed discounted cash flow value is comprised of the sum of (i) the present value of the projected unlevered free cash flows over the projection period; and (ii) the present value of a terminal value, which represents the estimate of value attributable to performance beyond the projection period. Cash flows and associated imputed values were calculated on both a consolidated and reportable segment basis;
    - WACCs utilized in the consolidated discounted cash flow analysis ranged from 11% to 12%. The range of WACCs utilized were developed from an analysis of the yields associated with LyondellBasell N.V.'s own debt financings and the equity costs of peer companies as well as the anticipated mix of LyondellBasell N.V.'s debt and equity;
    - A range of terminal value EBITDA multiples were selected which, where appropriate, represented estimated industry cycle average market capitalization/EBITDA multiples; and

  - Additional discounted cash flow analysis was performed for LyondellBasell N.V.'s unconsolidated joint ventures.

LyondellBasell N.V. has issued and outstanding warrants to purchase 11,508,204 shares at an exercise price of $15.90 per share. 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 beginning on 30 April 2010 and ending at the close of business on the seventh anniversary of the issue date. Upon an affiliate change of control, the holders of the warrants may put the warrants to LyondellBasell N.V. at a price equal to, as applicable, the in-the-money value of the warrants or the Black-Scholes value of the warrants. The fair value of each warrant granted was estimated on the date of grant using a Black-Scholes option-pricing model and assumptions, based on management's best estimate.

Identifiable intangible assets–The fair value of the acquired identifiable intangible assets is $1,474 million. The following is a summary of the approaches used to determine the fair value of significant intangible assets:

- We recorded the fair value of developed proprietary technology licensing and catalyst contracts of $210 million using an excess earnings methodology. Significant assumptions used in the calculation included:
  - Forecasted contractual income (fees generated) for each license technology category less directly attributable marketing as well as research and development costs;
  - Discount rates of 17% based on LyondellBasell N.V.'s WACC adjusted for perceived business risks related to the developed technologies; and
  - Economic lives estimated from 4 to 9 years.
- We recorded the fair value of favorable utility contracts of $355 million using discounted cash flows. Significant assumptions used in this calculation included:
  - The forward price of natural gas;
  - The projected market settlement price of electricity;
  - Discount rates of 17% based on LyondellBasell N.V's WACC adjusted for perceived business risks; and
  - Economic lives estimated from 11 to 16 years.
- We recorded the fair value of $132 million for in-process-research and development at the cost incurred to date adjusted for the probability for future marketability.
- We recorded the fair value of emission allowances of $731 million. Observed market activity for emission allowance trades is primarily generated only by legislation changes. As participants react to legislation, market trades occur as companies pursue their individual lowest cost compliance strategies. Trading, in the absence of an additional significant market participant, generally ceases once compliance is attained. As such, the Company could not identify any objective inputs based on market activity and an avoided cost of replacement methodology was used to determine estimated fair value. The significant assumptions used in valuing emission allowances include:

  - o Business demand for utilization of the allowances held;
  - o Engineering and construction costs required to reduce each marginal emission denomination; and
  - o Development of new technologies to aid in the cost and effectiveness of compliance.

– In addition we recorded other intangible assets including capitalized software and software licenses at its fair value of $46 million.

Property, plant & equipment—We recorded property, plant and equipment, which include land, buildings and equipment, furniture and fixtures and construction in progress, at its fair value of $7,532 million. Fair value was based on the highest and best use of the assets. LyondellBasell N.V. considered and applied two approaches to determine fair value:

– The market, sales comparison or trended cost approach was utilized for land, buildings and land improvements. This approach relies upon recent sales, offerings of similar assets or a specific inflationary adjustment to original purchase price to arrive at a probable selling price. Certain adjustments were made to reconcile differences in attributes between the comparable sales and the appraised assets.

– The cost approach was utilized for certain assets primarily consisting of our machinery and equipment. This approach considers the amount required to construct or purchase a new asset of equal utility at current prices, with adjustments in value for physical deterioration, functional obsolescence, and economic obsolescence. The machinery and equipment amounts determined under the cost approach were adjusted for functional obsolescence, which represents a loss in value due to unfavorable external conditions such as the facilities' locality, comparative inherent technology and comparative energy efficiency. Physical deterioration is an adjustment made in the cost approach to reflect the real operating age of any individual asset. LyondellBasell N.V.'s estimated economic obsolescence is the difference between the discounted cash flows (income approach) expected to be realized from utilization of the assets as a group, compared to the initial estimate of value from the cost approach method. In the analysis, the lower of the income approach and cost approach was used to determine the fair value of machinery and equipment.

Equity investments—The equity in net assets of non-consolidated affiliates was recorded at fair value of $1,571 million determined using discounted cash flow analyses, and included the following assumptions and estimates:

– Forecasted cash flows, which incorporate projections of sales volumes, revenues, variable costs, fixed costs, other income and costs, and capital expenditures, after considering potential changes in unconsolidated affiliates portfolio and local market conditions;

– A terminal value calculated for investments and long-term receivables with forecasted cash flows, not limited by contractual terms or the estimated life of the main investment asset by assuming a maintainable level of after-tax debt-free cash flow multiplied by a capitalization factor reflecting the investor's weighted average cost of capital ("WACC") adjusted for the estimated long-term perpetual growth rate; and

– A discount rate ranging from 11% to 15% that considered various factors including market and country risk premiums and tax rates to determine the investor's WACC given the assumed capital structure of comparable companies.

Inventory—We recorded inventory at its fair value of $4,849 million, which was determined as follows:

- Finished goods were valued based on the estimated selling price of finished goods on hand less costs to sell, including disposal and holding period costs, and a reasonable profit margin on the selling and disposal effort for each specific category of finished goods being evaluated;
- Work in process was valued based on the estimated selling price once completed less total costs to complete the manufacturing process, costs to sell including disposal and holding period costs, a reasonable profit margin on the remaining manufacturing, selling, and disposal effort; and
- Raw materials were valued based on current replacement cost.

Trade receivables and other assets—The fair value of the receivables and other assets is $4,636 million and include trade receivables with a fair value of $3,770 million. The gross contractual amounts of these receivables are $3,863 million and the best estimate of the contractual cash flows not expected to be collected is $93 million.

Acquisition costs—We did not incur acquisition costs due to bankruptcy laws whereby all acquisition costs are paid by the creditors of the former company.

37 Subsequent Events

We have evaluated subsequent events through the date the financial statements were approved for issue.

Corporate Financial Statements

LyondellBasell Industries N.V.

CORPORATE STATEMENTS OF INCOME

Millions of U.S. Dollars	Note	For the Year Ended 31 December 2011	Period 15 October 2009 to 31 December 2010
Income from Group companies after taxes	2	$ 2,405	$ 1,183
Other income and expenses after tax		(29)	(84)
Profit attributable to the equity holders		$ 2,376	$ 1,099

LyondellBasell Industries N.V.

CORPORATE STATEMENTS OF FINANCIAL POSITION

Before appropriation of profit

Millions of U.S. Dollars	Note	31 December 2011	31 December 2010
Non-current assets			
Goodwill	2	$ 332	$ 335
Investments in Group companies	2	13,085	11,292
Long-term loans to Group companies	6	1,000	- -
Deferred tax assets		12	13
Total non-current assets		14,429	11,640
Current assets			
Receivables from Group companies	2	10	105
Current income taxes		8	- -
Prepaid expense and other current assets		1	- -
Cash and cash equivalents	3	86	99
Total current assets		105	204
Total assets		**$ 14,534**	**$ 11,844**
Equity	4		
Share capital		$ 31	$ 30
Share premium		10,305	9,863
Legal reserves		(149)	183
Retained earnings		(2,064)	(84)
Profit for the year		2,376	1,099
Treasury Shares		(124)	- -
Total equity attributable to equity holders		10,375	11,091
Non-current liabilities			
Long-term debt	5	985	- -
Long-term loans from Group companies	6	3,145	535
Current liabilities			
Other liabilities	7	29	218
Total equity and liabilities		**$ 14,534**	**$ 11,844**

Notes to the Corporate Financial Statements

1 General

LyondellBasell Industries N.V. (the "Company"), together with its consolidated subsidiaries (collectively, the "Group") applies the option provided in Section 2:362 (8) of the Dutch Civil Code for the principles applicable to the recognition and measurement of assets and liabilities and the determination of results for its Corporate Financial Statements. Accordingly, the principles for recognition and measurement of assets and liabilities and determination of results (hereinafter referred to as "accounting policies") of the Company's Corporate Statements of Financial Position are the same as those applied for the Consolidated Financial Statements under IFRS, as adopted by the European Union, for the period ended 31 December 2011, except as noted below:

- Investments in subsidiaries and other companies in which the company has control are measured at net asset value, which is based on the net book value of assets, provisions and liabilities, in accordance with the accounting policies applied in the Consolidated Financial Statements.

- Goodwill presented in the Corporate Statements of Financial Position reflects the goodwill on subsidiaries directly acquired by the Company and is measured in accordance with the accounting policies of the Consolidated Financial Statements. Goodwill of subsidiaries indirectly owned (via intermediate subsidiaries) is recognized as part of the net asset value of such intermediate subsidiary.

The Company identified adjustments in the amounts of assets acquired and liabilities assumed from the acquisition of LyondellBasell Industries AF's entities at 30 April 2010. These adjustments were due to errors in the calculation of the tax asset basis reduction and related uncertain tax provisions resulting from the forgiveness of certain debts upon emergence from bankruptcy. These amounts in the aggregate were not material to the assets and liabilities assumed. However, the Company has revised its financial statements to correct for an overstatement of goodwill and deferred income tax liabilities at its subsidiaries, resulting in an increase of the value in the Company's investments in Group companies.

The 31 December 2010 amounts presented in Note 2 changed as follows:

Millions of U.S. Dollars	As Previously Reported	Adjustment	Revised
Goodwill	$ 469	$ (134)	$ 335
Investments	11,158	134	11,292

2 Goodwill, Investments, Receivables, and Payables

Millions of U.S. Dollars	Goodwill	Investments	Receivables from Group Companies	Total
Balance at 15 October 2009	$ - -	$ - -	$ - -	$ - -
Acquisition	333	6,265	623	7,221
Equity contribution	- -	3,050	(505)	2,545
Income from investments, net of tax	- -	1,183	- -	1,183
Group restructuring	- -	535	- -	535
Equity settled transactions	- -	28	- -	28
Other	- -	134	(13)	121
Additions to other reserves	2	97	- -	99
Balance at 31 December, 2010	$ 335	$ 11,292	$ 105	$ 11,732
Of which:				
Non-current	$ 335	$ 11,292	$ - -	$ 11,627
Current	- -	- -	105	105
Balance at 31 December 2010	$ 335	$ 11,292	$ 105	$ 11,732
Balance at 1 January 2011	$ 335	$ 11,292	$ 105	$ 11,732
Income from investments, net of tax	- -	2,405	- -	2,405
Equity settled transactions	- -	33	- -	33
Other	- -	8	(95)	(87)
Dividends received	- -	(134)	- -	(134)
Additions to other reserves	(3)	(519)	- -	(522)
Balance at 31 December 2011	$ 332	$ 13,085	$ 10	$ 13,427
Of which:				
Non-current	$ 332	$ 13,085	$ - -	$ 13,417
Current	- -	- -	10	10
Balance at 31 December 2011	$ 332	$ 13,085	$ 10	$ 13,427

Acquisition—On 30 April 2010, the Company acquired the ordinary shares of LyondellBasell Subholdings B.V. and LyondellBasell Finance Company LCC. For further information, reference is made to Note 36 Acquisition of LyondellBasell AF's Entities of the Consolidated Financial Statements.

Group restructuring— On 15 December 2010, the Company purchased 1,544,128 shares of the share capital of Lyondell France Holdings SAS from Lyondell Chimie France LLC ("LCF"). As consideration for the shares transferred, the Company and LCF LLC entered a long term loan agreement for the amount of $535 million (refer to Note 36). The shares were subsequently contributed to LyondellBasell Subholdings B.V.

Equity settled transactions—For further information, reference is made to Note 8 and Note 29 Share-based Compensation Granted to Director and Employees of the Consolidated Financial Statements.

Other reserves—Other reserves presented above are non-distributable. Primarily, this represents $230 million of cumulative currency translation adjustment and $287 million of post-retirement benefit actuarial gains and losses.

3 Cash and Cash Equivalents

The Company's cash and cash equivalents are held by its in-house banking unit Basell Finance Company B.V. The interest rate on the account with Basell Finance Company B.V. is subject to a floating interest rate, based on current market rates. At 31 December 2011, the rate was 0.12% and 0.99% for the U.S. dollar and euro accounts, respectively. At 31 December 2010, the rate was 1.07%.

4 Equity Attributable to Equity Holders

For a breakdown of Equity attributable to equity holders, reference is made to the Consolidated Statement of Changes in Group Equity and the notes thereto.

Legal reserves–Movements in legal reserves (net of tax), which cannot be distributed freely, are presented below:

Millions of U.S. Dollars	Cumulative Translation Difference	Other Legal Reserves	Total
Balance at 15 October 2009	$ - -	$ - -	$ - -
Exchange rate difference in respect of subsidiaries	125	- -	125
Changes in actuarial loss on post-employment benefit obligations	- -	(26)	(26)
Addition / (release) to retained earnings	- -	84	84
Balance at 31 December 2010	$ 125	$ 58	$ 183
Balance at 1 January 2011	$ 125	$ 58	$ 183
Exchange rate difference in respect of subsidiaries	(231)	- -	(231)
Changes in actuarial loss on post-employment benefit obligations	- -	(287)	(287)
Addition / (release) to retained earnings	- -	186	186
Balance at 31 December 2011	$ (106)	$ (43)	$ (149)

Retained earnings — Movements in retained earnings are as follows:

Millions of U.S. Dollars	31 December 2011	31 December 2010
Opening balance	$ (84)	$ - -
Dividend distribution	(2,893)	- -
Previous year results	1,099	- -
Additions to the legal reserve	(186)	(84)
Profit attributable to the equity holders	$ (2,064)	$ (84)

The reconciliation with retained earnings as per Consolidated Statement of Financial Position is as follows:

Millions of U.S. Dollars	31 December 2011	31 December 2010
Retained earnings as per Consolidated Statement of Financial Position	$ 582	$ 1,099
Non-distributable reserves	(270)	(84)
Profit for the year	(2,376)	(1,099)
Retained earnings as per Corporate Statement of Financial Position	$ (2,064)	$ (84)

5 Borrowings

6% Senior Notes—In November 2011, we completed our offering of $1.0 billion of 6% senior notes due 2021 (the "6% senior notes") and received proceeds of $985 million. In December 2011, we used the net proceeds from the offering of the 6% senior notes, together with available cash, to pay a special dividend in the aggregate amount of $2.6 billion to shareholders of record on 25 November 2011 (see Note 27).

6 Long-term Loans to and from Group Companies

Long-Term Loan Receivable from our Subsidiary—In November 2011, we and our indirectly wholly owned subsidiary, Lyondell Chemical Company ("Lyondell Chemical"), entered into a $1,000 million note receivable. The note bears interest at 6.45% per annum and matures on 15 November 2021. Interest is due semi-annually, on 15 May and 15 November. At 31 December 2011, the outstanding balance was $1,000 million.

Long-term Loans Payable to our Subsidiaries—In October 2011, we and our indirectly wholly owned subsidiary, LYB Finance B.V., entered into a $2,100 million unsecured loan, which matures on 3 October 2016. The loan bears interest at a variable rate, which is set for a period of 3 months, using the U.S. LIBOR rate, plus 300 basis points. At 31 December 2011, the outstanding balance under this loan agreement was $2,100 million.

In October 2011, we and our indirectly wholly owned subsidiary, LyondellBasell Finance Netherlands B.V., entered into a $1,500 million unsecured loan, which matures on 3 October 2016. The loan bears interest at a variable rate, which is set for a period of 3 months, using the U.S. LIBOR rate, plus 300 basis points. At 31 December 2011, the outstanding balance under this loan agreement was $500 million.

In December 2010, we and our indirectly wholly owned subsidiary, Lyondell Chemical, entered into a $535 million loan which matures on 15 December 2013. The loan bears interest at a variable rate, which is set for a period of three months, using the U.S. LIBOR rate, plus 400 basis points, see Note 2.

7 Other Liabilities

Other liabilities include the fair values of the warrants which were determined to be $19 million and $215 million at 31 December 2011 and 2010, respectively, see Note 4 Financial Risk Management and Note 21 Derivative Financial Instruments of the Consolidated Financial Statements.

8 Commitments and Contingencies not included in the Balance Sheet

The Company has provided a guarantee to the debt holders of its indirect, wholly owned subsidiary Lyondell Chemical Company ("LCC"). The outstanding principal amount of the guaranteed debt is approximately $2,675 million and $5,722 million at 31 December 2011 and 2010 respectively, and comprises of a Senior Asset-Backed Credit Agreement, a Senior Term Loan Credit Agreement, Senior Dollar Notes and a Senior Secured Euro Note.

The Company has also entered into guarantee agreements with counterparties on behalf of some of its subsidiaries for the supply of raw materials. The total guaranteed amount at 31 December 2011 and 2010 was $5.0 billion and $1.5 billion, respectively.

The Company receives an annual fee of 0.88% for all outstanding guarantees.

Under the Dutch Corporate Income Tax Act, the Company and its Dutch subsidiaries are jointly and severally liable for any taxes payable by the Dutch tax group.

9 Auditor's Fee

The fees listed below relate to the procedures applied to the Company and its consolidated group entities by PricewaterhouseCoopers Accountants N.V., The Netherlands, the external auditor as referred to in section 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta), as well as by other Dutch and foreign-based PricewaterhouseCoopers individual partnerships and legal entities, including their tax services and advisory groups:

Millions of U.S. Dollars	**For the Year Ended 31 December 2011**	**Period 15 October 2009 to 31 December 2010**
Financial statements audit fees	$ 11.5	$ 10.3
Other Assurance fees	0.8	0.8
All other Fees	0.1	0.3
	$ 12.4	$ 11.4

The total fees of PricewaterhouseCoopers Accountants N.V, The Netherlands, charged to the Company and its consolidated group entities amounted to $3.1 million and $2.4 million in 2011 and 2010, respectively.

The consolidated financial statements audit fees include the aggregate fees billed for professional services rendered for the audit of LyondellBasell Industries N.V. annual financial statements and annual statutory financial statements of subsidiaries or services that are normally provided by the auditor in connection with the audits. This category also included services such as comfort letters, statutory audits, attest services, consents and assistance with and review of documents.

The other assurance fees include the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Group's financial statements and are not reported under audit services. This category includes fees related to the performance of audits of benefit plans, agreed-upon or expanded audit procedures relating to accounting records required to respond to or comply with financial, accounting or regulatory reporting matters and consultations as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by regulatory or standard setting bodies.

Other fees relate to permitted services are not included in the above categories.

10 Director's Remuneration

Reference is made to Note 9, Key Management Remuneration, of the Consolidated Financial Statements.

Rotterdam, 9 March 2012

Supervisory Board

Marvin O. Schlanger
Jacques Aigrain
Jagjeet Bindra
Robin Buchanan
Milton Carroll
Stephen F. Cooper
Robert Gwin
Joshua J. Harris
Scott Kleinman
Bruce A. Smith
Rudy M.J. van der Meer

Management Board

James L. Gallogly

Other Information

Proposed Appropriation of Result

Profit remaining after the appropriation to reserves shall be at the disposal of the general meeting (article 22 sub 3 Articles of Association). The Board of Management, with the approval of the Supervisory Board, may also appropriate the complete profit to the reserves.

The Management Board, with the approval of the Supervisory Board, paid an aggregate of $4.95 per share from its 2011 annual accounts. This included an interim dividend of $0.20 per share paid on 7 September 2011 to shareholders of record on 18 August 2011; an interim dividend of $0.25 per share paid on 16 December 2011 to shareholders of record on 25 November 2011; and a special interim dividend of $4.50 per share paid on 16 December 2011 to shareholder of record on 25 November 2011. These dividend payments, totaling $2,836 million, have been charged to retained earnings.

The Management Board and the Supervisory Board will propose to the AGM to approve the dividends already paid, as described above.

Subsequent Events

We have evaluated subsequent events through the date the financial statements were approved for issue.

Legal Structure

The list of our subsidiaries and associates is available at the Chamber of Commerce in Rotterdam.

Independent auditor's report

To: The General Meeting of Shareholders of LyondellBasell Industries N.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 as set out on pages 78 to 161 of LyondellBasell Industries N.V., Rotterdam, The Netherlands, which comprise the consolidated and company statement of financial position as at 31 December 2011, the consolidated and company statement of income, the statements of other comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

Management board's responsibility

The management board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of LyondellBasell Industries N.V. as at 31 December 2011, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

LyondellBasell Industries N.V.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Rotterdam, 9 March 2012
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A.F. Westerman RA