LyondellBasell Industries N.V.

Financial Report

For the Year Ended 31 December 2012

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1 Report of the Board of Management

LyondellBasell Industries N.V. is a global, independent chemical company and was incorporated under Dutch law on 15 October 2009. Unless otherwise indicated, the "Company," "we," "our," "us" and "LyondellBasell" are used in this report to refer to the businesses of LyondellBasell Industries N.V. and its consolidated subsidiaries. We believe we are one of the world's top five independent chemical companies based on revenues. We participate globally across the petrochemical value chain and are an industry leader in many of our product lines. 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 refining business consists of our Houston refinery, which processes crude oil into fuels such as gasoline, diesel and jet fuel.

Our financial performance is influenced in general by the supply and demand for the products that we produce, the cost and availability of feedstocks, global and regional competitor capacity, our operational efficiency and our ability to control costs. 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. During recent years the cost of natural gas derived raw materials in the U.S. versus the global cost of crude oil-derived raw materials has had a significant influence on the profitability of our North American operations. To a lesser extent, our differentiated assets and technology also influence our performance as compared to our peers and competitors. These include our propylene oxide and polypropylene technologies, flexible feedstock olefins plants in the U.S.; joint venture olefins and polyolefins plants with access to low-cost feedstock, particularly in Saudi Arabia; and our Houston refinery which is capable of processing heavy, high-sulfur crude.

1.1 About LyondellBasell

We operate in five business segments. Our reportable segments are:

- **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, polyolefins and polypropylene compounds.
- **Intermediates and Derivatives ("I&D").** Our I&D segment produces and markets propylene oxide and its co-products and derivatives, acetyls, ethanol, ethylene oxide and its derivatives, and oxyfuels.
- **Refining.** Our Refining segment refines heavy, high-sulfur crude oil on the U.S. Gulf Coast.
- **Technology.** Our Technology segment develops and licenses chemical and polyolefin process technologies and manufactures and sells polyolefin catalysts.

The marketing of our oxyfuels products previously was aligned with the sale of our products from our refining business, particularly our Berre refinery. We moved the management responsibility for business decisions relating to oxyfuels to our I&D business with the closure of the Berre refinery because profits generated by oxyfuels products are related to sourcing decisions regarding certain co-products of propylene oxide production.

Accordingly, results for our oxyfuels business, which were previously included in our Refining segment results, have been reflected in our I&D segment since the second quarter of 2012. All comparable periods presented have been revised to reflect this change.

An update on our business and strategy and a discussion of our key performance indicators are provided below and are, followed by an overview of the Company's risk factors, including those related to the business and industry in which we operate.

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 the improvement of our organization and maximization of returns to our shareholders by focusing on operational excellence, cost reductions, capital discipline, portfolio management, and a performance driven culture.

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 positions us 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. We also intend to increase our sales of value-added, differentiated products by leveraging our leading technological platform, worldwide presence, strong customer relationships and reliability and quality.

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 implementing several projects in key product lines, including high return debottlenecking and energy reduction projects.

We continuously and carefully evaluate our asset portfolio and may initiate further rationalization or enter into 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 company-wide, performance driven culture of accountability. We believe we have outstanding assets and highly qualified employees. 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 rapidly developing markets like Asia and regions with access to low cost feedstocks.

1.3 Sustainability

Our approach to sustainability

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

Through our stewardship of natural resources and with 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 a significant participant in the global economy, we have the responsibility to:

- Create value for our investors and customers
- Protect the well-being of our employees, contractors and the communities in which we operate
- 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 2012, LyondellBasell made tremendous progress toward institutionalizing its safety principles. The Company's safety performance in 2012, measured by total recordable incident rate for employees and contractors, was 0.23, an improvement of 34% over the prior 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 management system requirements 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 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 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. Since 2009, we have reduced energy consumption use for sites currently in operation by approximately 13.1%.

1.4 Research and Development

Our research and development activities are designed to improve our existing products and processes, 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.

In 2012 and 2011, our research and development expenditures were $151 million and $141 million, respectively. A portion of these expenses are related to technical support and customer service and are allocated to the segments.

1.5 Management's Discussion and Analysis of Results of Operations

Highlights for the period ended 31 December 2012:

- Net income of $2.6 billion ($2.4 billion in 2011);
- Issuance of $2.0 billion 5% senior notes due 2019 and $1.0 billion 5.75% senior notes due 2024 ($1 billion 6% senior notes in 2011);
- Repayment of $2.7 billion ($3.1 billion in 2011) of debt;
- Inclusion in the Standard & Poor's 500 Index following the close of market on 4 September 2012;
- Establishment of a $1.0 billion U.S. accounts receivable securitization facility in September 2012;
- Replacement of our $2.0 billion U.S. ABL Facility with an unsecured revolving credit facility;
- We increased our interim dividend from $0.25 to $0.40 per share in the second quarter 2012;
- Payment of dividends totaling $2.4 billion ($2.9 billion in 2011), including a special dividend of $2.75 per share ($4.50 per share in 2011);
- Strong performance led by advantaged positions in U.S. olefins;
- Liquidity of $6.1 billion ($3.2 billion in 2011), including cash of $2.7 billion ($1.1 billion in 2011) at year end; and
- Ceased the underperforming operations at the Berre refinery in early January 2012.

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 our results of operations below. The selected financial data of the Company is derived from its audited consolidated financial statements.

Millions of U.S. dollars (except for earnings per share amounts)	For the Year Ended 31 December 2012	For the Year Ended 31 December 2011
Results of Operations Data		
Revenue	$ 45,595	$ 51,035
Operating profit	4,273	4,373
Finance costs	640	1,068
Depreciation, amortization and impairments	1,038	986
Profit for the period	2,596	2,369
Earnings per share:		
Basic	4.55	4.16
Diluted	4.51	4.13
Balance Sheet Data		
Total equity	10,772	10,429
Borrowings	4,347	3,997
Cash and cash equivalents	2,732	1,065
Net debt	1,615	2,932
Trade and other receivables	4,346	4,529
Inventories	4,905	5,654
Trade and other payables	(4,255)	(4,459)
Net Working Capital	4,996	5,724
Cash Flow Data		
Cash provided by (used in):		
Operating activities	4,670	2,583
Investing activities	(896)	(735)
Including expenditures for property, plant and equipment	(1,060)	(1,050)
Financing activities	(2,145)	(4,964)

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 from third-party consulting data. 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. References to industry benchmark prices for crude oil and natural gas 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 generally subject to the cyclicality and volatility seen in the chemicals and refining industries.

1.5.2 Overview of Results of Operations

Our ability to maintain strong performance in a volatile economic environment, including continued uncertainties caused by recessionary conditions in Europe and the reduced growth outlook for China, is reflected in our 2012 results of operations. We continue to focus on safe, reliable operations; cost reductions, particularly in Europe; and disciplined growth. We believe this strategy allows us to generate solid results even while facing challenges due to external factors. Significant items that affected 2012 results include:

- The continued benefit in the U.S. from an abundance of low cost natural gas and natural gas liquids ("NGLs") supply;

- Volatile raw materials costs in Europe rose more rapidly than our sales prices in the last half of 2012, reversing the second quarter benefit to olefins margins from falling prices in that region; and

- A high butane to gasoline spread led to exceptionally strong oxyfuels results.

Revenues—We had revenues of $45,595 million in 2012 and $51,035 million in 2011. Revenues decreased by $5,440 million in 2012 compared to 2011. Lower sales volumes and lower average product prices contributed to the revenue decrease in 2012. Lower NGL feedstock prices contributed to the lower average sales prices for olefins and polyolefins in the O&P–Americas segment. Sales volumes in 2012 were lower than in 2011, primarily in European olefins and polyolefins and in refining. Weak economic conditions in Europe, turnaround activity at our cracker in Wesseling, Germany, and the resale of crude oil in 2011 to take advantage of favorable crude purchases and the closure of our Berre refinery in France were the main factors contributing to the reduced level of sales volumes in 2012.

Operating Profit—The Company's operating profit in 2012 of $4,273 million was comparable to the $4,373 million of operating profit in 2011. Weak margins and lower sales volumes in our O&P-EAI segment and lower results for our U.S. refining business more than offset the strong ethylene performance in our O&P–Americas segment and higher oxyfuels margins in our I&D segment.

Finance Costs—Finance cost was $640 million in 2012 and $1,068 million in 2011. The $428 million decrease in interest expense in 2012 compared to 2011 reflects the refinancing of our notes bearing interest rates of 8% and 11% per annum with lower coupon notes. The resulting benefit was offset in part by the payment of $294 million of premiums and the write-off of $18 million unamortized debt issuance costs related to refinancing. Additionally, we wrote off $53 million of capitalized debt issuance costs in connection with the termination of our ABL credit facility in May 2012.

Income from Associates—The Company had income from associates totaling $143 million in 2012 and $216 million in 2011. The $73 million decrease in 2012 compared to 2011 was due to lower operating results of our joint ventures in the Middle East and Asia, which were driven by lower average sales prices, higher raw material costs and unplanned outages.

Income Tax—Our effective income tax rate of 31.6% in 2012 and 33.4% in 2011 resulted in tax provision of ($1,198) million and ($1,190) million, 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%.

1.5.3 Segment Analysis

We report our financial results in five reportable segments: O&P–Americas; O&P–EAI; I&D; Refining; 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.

In 2012, we ceased the operations of our Berre refinery in France. Our oxyfuels business, which was previously managed in conjunction with our refining operations, and included in our Refining segment, was included in our I&D segment. All comparable periods presented have been revised accordingly. For additional information related to the realignment of the oxyfuels business, see Notes 32 to the Consolidated Financial Statements.

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:

- *Discontinued Operations*—The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 205, *Presentation of Financial Statements* ("ASC 205"), requires the results of operations of a component of an entity be reported in the discontinued operations if both of the following conditions are met: (a) the operations and cash flows of the component have been (or will be) eliminated from the ongoing operations of the entity as a result of the disposal transaction and (b) the entity will not have any significant continuing involvement in the operations of the component after the disposal transaction. The suspension of the Berre Refinery operations met these criteria and were treated as discontinued operations under U.S. GAAP. Under IFRS and this financial report, the suspension of the Berre Refinery operations has been accounted for under IFRS 5, *Non-current assets held for sale and discontinued operations* ("IFRS 5"). IFRS 5 defines a discontinued operation as a component of an entity that either has been disposed of or is classified as held for sale, and represents a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. For IFRS, the Berre Refinery did not meet the definition of a separate major line of business because the Company has not exited the refining business, and thus did not qualify for discontinued operations.

- *Inventories*—The Company measures its inventories in accordance with the Last In, First Out ("LIFO") method, which is permitted under U.S. GAAP. According to IAS 2, *Inventories,* LIFO is prohibited under IFRS. Therefore, the inventories are measured using the First In, First Out ("FIFO") basis for the consolidated financial statements. This inventory measurement difference between the reportable segments and the consolidated information results in different 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 profit (loss) is included in Note 32 of the Consolidated Financial Statements.

Millions of U.S. Dollars	For the Year Ended 31 December 2012	For the Year Ended 31 December 2011
Sales and other operating revenues:		
O&P - Americas segment	$ 12,934	$ 14,880
O&P - EAI segment	14,521	15,591
I&D segment	9,658	9,500
Refining segment	13,291	13,706
Technology segment	498	506
Other, including intersegment eliminations	(5,550)	(6,000)
Total	$ 45,352	$ 48,183
Operating profit (loss):		
O&P - Americas segment	$ 2,650	$ 1,855
O&P - EAI segment	127	435
I&D segment	1,430	1,156
Refining segment	334	809
Technology segment	122	107
Other, including intersegment eliminations	13	(25)
Total	$ 4,676	$ 4,337
Income (loss) from associates:		
O&P - Americas segment	$ 25	$ 21
O&P - EAI segment	121	168
I&D segment	(3)	27
Total	$ 143	$ 216

Olefins and Polyolefins—Americas Segment

The U.S. ethylene industry continues to benefit in 2012 from processing comparably low cost NGLs. Ethylene produced from NGLs in North America is currently lower in cost compared to that produced from crude oil-based liquids, which is the predominant feedstock used in the rest of the world.

Higher operating results for 2012 were driven by continued strong ethylene performance. Ethylene margins improved in 2012 despite a decrease in the average price of ethylene as prices for ethane and propane remained advantaged. Higher sales volumes in 2012 for ethylene reflect higher demand. Polypropylene and polyethylene results, which reflected higher margins and moderately higher sales volumes also contributed to the higher segment results.

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

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

Although prices of these raw materials are generally related to crude oil and natural gas prices, during specific periods the relationships among these materials and benchmarks may vary significantly. In the U.S., we have significant capability to change the mix 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 continued to favor NGLs during 2012 and 2011. As a result, we further increased our use of NGLs and reduced liquids consumption at our U.S. plants. Approximately 85% of our U.S. ethylene production was produced from NGLs during 2012 compared to approximately 75% in 2011.

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. The table also shows the discounted U.S. benchmark prices for certain polyethylene and polypropylene products. The benchmark weighted average cost of ethylene production, which reflects credits for co-product sales, is based on a third-party consultant's data 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		
	2012	2011	Change
Crude oil, dollars per barrel:			
WTI	94.1	95.1	(1)%
LLS	111.7	112.4	(1)%
Natural gas (Henry Hub), dollars per million BTUs	2.9	4.1	(30)%
United States, cents per pound:			
Weighted average cost of ethylene production	21.2	35.6	(40)%
Ethylene	48.3	54.3	(11)%
Polyethylene (HD)	62.3	63.3	(2)%
Propylene - polymer grade	58.9	73.3	(20)%
Polypropylene	72.5	87.5	(17)%

The following table sets forth the O&P–Americas segment's sales and other operating revenues, operating profit, income from associates and selected product production and sales volumes. Production volumes are based on actual production in the time period.

Millions of U.S. Dollars	For the Year Ended 31 December 2012	For the Year Ended 31 December 2011
Sales and other operating revenues	$ 12,934	$ 14,880
Operating profit	2,650	1,855
Income from associates	25	21
Production Volumes, in millions of pounds		
Ethylene	8,972	8,353
Propylene	2,363	2,907
Sales Volumes, in millions of pounds		
Polyethylene	5,639	5,493
Polypropylene	2,889	2,843

Revenues—Revenues decreased by $1,946 million in 2012, compared to 2011, due to lower average sales prices across most products and lower sales volumes. Average sales prices for ethylene and polyethylene were lower in 2012 mainly due to the significantly lower costs of NGL feedstocks. Lower average sales prices for polypropylene in 2012 reflected lower propylene prices compared to a strong propylene market in 2011. The overall decrease in sales volumes reflects the increased amount of NGLs in our olefins feed slate in 2012, as NGLs produce significantly less co-products than liquids feedstock. Sales volumes of the main products in the segment (ethylene, polyethylene and polypropylene) actually increased in 2012 over 2011 levels. The increase in ethylene sales volumes was driven by improved demand and higher spot sales opportunities in 2012. The higher polyethylene sales volumes in 2012 reflect an increase in market share.

Operating Profit—Operating results increased by $795 million in 2012 compared to 2011 primarily due to strong ethylene performance, which resulted in higher margins and sales volumes, and to a lesser extent, higher results for polyethylene and polypropylene. A significant benefit to the cost of ethylene production in 2012 from lower ethane and propane prices was offset in part by lower average sales prices for co-products. Margins increased as the cost reduction was only partly offset by lower average ethylene sales prices. Polyethylene and polypropylene saw higher product margins and sales volumes in 2012. The higher margins for polyethylene and polypropylene reflect decreases in the prices for ethylene and propylene, respectively, that outpaced decreases in average sales prices. Operating results for 2012 also reflected a $29 million benefit associated with an insurance settlement related to Hurricane Ike.

Olefins and Polyolefins—Europe, Asia and International Segment

Market conditions, particularly in Europe, continued to be weak throughout 2012 amid economic uncertainty. This resulted in a decline for European demand for ethylene and polyolefins in 2012 compared to 2011. The volatility of naphtha feedstock prices throughout 2012 resulted in substantial swings in olefins margins over this period.

Operating results in 2012 primarily reflected weak margins and lower sales volumes across most products. The decrease in sales volumes reflects weak European demand and the negative impact of reduced production during the last half of 2012 from a turnaround at our Wesseling, Germany cracker. The volatility in naphtha feedstock price noted above resulted in volume volatility, compressed margins for most of the year, and considerably lower butadiene margins in 2012. Polypropylene and polyethylene results were lower in 2012 reflecting lower product margins and lower polyethylene sales volumes. Results for our PP compounding and polybutene-1 businesses were slightly higher in 2012 compared to 2011.

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

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

	Average Benchmark Price and Percent Change Versus Prior Year Period Average		
	Year Ended 31 December		
	2012	2011	Change
Brent crude oil, dollars per barrel	111.7	110.7	1%
Western Europe benchmark prices, €0.01 per pound:			
Weighted average cost of ethylene production	38.9	36.5	7%
Ethylene	56.2	51.7	9%
Polyethylene (high density)	59.4	55.4	7%
Propylene	50.7	50.7	0%
Polypropylene (homopolymer)	58.3	58.8	(1)%
Average Exchange Rate, $US per €	1.2858	1.3921	(8)%

The following table sets forth the O&P–EAI segment's sales and other operating revenues, operating profit, income from associates and selected product production and sales volumes. Production volumes are based on the actual production in the time period.

Millions of U.S. Dollars	**For the Year Ended 31 December 2012**	**For the Year Ended 31 December 2011**
Sales and other operating revenues	$ 14,521	$ 15,591
Operating profit	127	435
Income from associates	121	168
Production Volumes, in millions of pounds		
Ethylene	3,512	3,729
Propylene	2,134	2,286
Sales Volumes, in millions of pounds		
Polyethylene	4,963	5,143
Polypropylene	6,085	6,077

Revenues—Revenues for 2012 decreased by $1,070 million compared to 2011. Lower average sales prices and lower sales volumes in 2012, which reflect weak economic conditions in Europe that have existed since late 2011, contributed to the this decrease in revenues. In addition, polyethylene sales volumes were affected by an explosion in a reactor bay at our LDPE plant in Wesseling, Germany that occurred during the first quarter 2012.

Operating Profit—Operating results decreased $308 million in 2012 compared to 2011. Segment operating results for 2012 included charges of $35 million for restructuring activities in Europe and $22 million for impairment of assets related to damage of our LDPE plant in Wesseling, Germany that resulted from an explosion in a reactor bay. These charges were partially offset by a $28 million benefit related to the reversal of a reserve established at emergence for an unfavorable monomer contract. Operating results in 2011 included charges associated with activities to reorganize certain functional organizations and for increased environmental liabilities at our Wesseling, Germany site.

Excluding the impact of the items discussed above, operating results for 2012 reflect lower cracker and butadiene margins and a 6% decline in olefins production volumes. Lower butadiene margins were principally due to lower average sales prices in the second half of 2012 compared to the very strong levels in 2011 as supplies outpaced weaker global demand. The turnaround at our Wesseling, Germany cracker and the subsequent delay in the start-up of activities during the last half of 2012 contributed to the decline in production volumes. Polyethylene results were lower in 2012 as a result of lower sales volumes and margins. Polypropylene results were lower in 2012 due to lower margins in Europe. The lower polyethylene and polypropylene margins reflected decreases in average sales prices that exceeded average decreases in raw material prices. The lower polyethylene sales volumes in 2012 reflected lower operating rates which were largely attributable to the Wesseling, Germany turnaround. Slightly higher results for our PP compounding and PB-1 businesses reflected margins that were higher in 2012 compared to 2011. Sales volumes for PP compounding and PB-1 were relatively unchanged over the two periods.

Intermediates and Derivatives Segment

Operating results for 2012 reflect strong performance of our oxyfuels business as global gasoline prices remained high relative to butane feedstock costs compared to 2011 and our oxyfuels sales volumes increased as we expanded to new regional markets. Higher margins for TBA and derivatives, which reflected higher average sales prices and lower raw material costs, also contributed to the higher operating results for the I&D segment for 2012. These benefits were partially offset by lower results for our PO derivatives and lower ethylene glycol margins.

The following table sets forth the I&D segment's sales and other operating revenues, operating profit, income from associates and selected product production and sales volumes. Production volumes are based on actual production in the time period. In addition, the table shows MTBE margins in Northwest Europe ("NWE").

Millions of U.S. Dollars	For the Year Ended 31 December 2012	For the Year Ended 31 December 2011
Sales and other operating revenues	$ 9,658	$ 9,500
Operating profit	1,430	1,156
Income (loss) from associates	(3)	27
Sales volumes, in millions of pounds		
PO and derivatives	2,942	2,940
EO and derivatives	1,158	1,100
Styrene	2,974	3,065
Acetyls	1,836	1,637
TBA intermediates	1,750	1,795
Sales volumes, in millions of gallons		
MTBE/ETBE	849	818
Market margins, cents per gallon		
MTBE–NWE	118.2	83.1

Revenues—Revenues for 2012 increased $158 million compared to 2011. This increase in revenues reflects higher sales volumes, primarily oxyfuels and acetyls, and higher overall average sales prices. Higher sales volumes for oxyfuels in 2012 reflected strong market demand and expansion into new geographic markets, primarily Eastern Europe. Increased production resulting from a catalyst replacement earlier this year, combined with strong acetyls demand in our European and South American markets contributed to the higher sales volumes for acetyls in 2012.

Operating Profit—Operating results increased $274 million in 2012, compared to 2011. Operating results for 2012 primarily reflect higher oxyfuels margins and sales volumes as a result of the increased spread between gasoline and raw materials, butane, methanol and ethanol as well as a higher market premium for oxyfuels products over gasoline. Collective results for PO and derivatives were lower as lower product margins for PO derivatives were slightly offset by higher PO sales volumes. PO derivatives margins reflect decreases in average sales prices that outpaced lower raw materials prices, particularly propylene. Lower demand for PG used in deicers due to the unseasonably warm start to winter also contributed to the decrease in 2012 PO and derivatives results. Higher TBA and derivatives margins in 2012 were partially offset by lower ethylene glycol margins. TBA and derivative

margins reflect lower butane feedstock prices, which were related in part to natural gas prices, coupled with higher average sales prices. The lower ethylene glycol margins reflect average sales prices which decreased more rapidly than the cost of ethylene. Results for acetyls reflected lower natural gas and ethylene feedstock costs and higher volumes, which largely offset lower product sales prices. Segment operating results for 2012 also included an $18 million benefit related to an insurance settlement associated with Hurricane Ike.

Refining Segment

The Refining segment comprises the operations of our full conversion refinery located on the Houston Ship Channel in Houston, Texas. The Berre refinery in France, which was previously included in the Refining segment through the first quarter of 2012, was classified as discontinued operations in the second quarter of 2012. Accordingly, results of operations for the Berre refinery are not included in the segment discussion.

Although the benchmark Maya 2-1-1 margin increased in 2012, our refinery's operating results decreased largely as a result of a reduced benefit from favorable crude purchasing opportunities compared to 2011 and lower by-product spreads for petroleum coke and other natural gas-based products. Operating results also reflected lower crude processing rates compared to 2011 as a result of planned and unplanned plant outages.

The following table sets forth the Refining segment's sales and other operating revenues, operating profit and market refining margins for the U.S. for the applicable periods. Light Louisiana Sweet, or "LLS" and "WTI," or West Texas Intermediate, are light crude oils, while "Maya" is a heavy crude oil.

Millions of U.S. dollars	For the Year Ended 31 December 2012	For the Year Ended 31 December 2011
Sales and other operating revenues	$ 13,291	$ 13,706
Operating profit	334	809
Heavy crude processing rates (thousands of barrels per day)	255	263
Market margins - $ per barrel		
Light crude oil - 2-1-1	11.50	7.80
Light crude oil - Maya differential	12.05	13.76
Total Maya 2-1-1	23.55	21.56

Revenues—Revenues decreased $415 million in 2012 compared to 2011. This decrease in 2012 revenues reflected lower sales volumes and crude processing rates, offset in part by higher average sales prices. The lower sales volumes reflect the resale of excess crude oil in 2011. In addition, crude processing rates were lower in 2012 compared to 2011 as a result of planned and unplanned outages in 2012. Higher gasoline and distillates prices in 2012 led to improved sales prices, partly offset by lower values for refinery byproducts.

Operating Profit—Operating results decreased $475 million in 2012 compared to 2011. In 2012, segment operating results reflected benefits totaling $77 million, including a recovery of $24 million related to a former employee who pled guilty to fraud and a $53 million insurance settlement associated with Hurricane Ike. Operating results for 2011 reflected benefits totaling $49 million, including an insurance recovery related to the fraud mentioned above and a settlement related to the 2008 crane incident at the refinery. Operating results for 2011 also reflected margins that benefited from favorable crude purchasing opportunities.

Excluding the impact of the benefits described above, operating profit in 2012 decreased largely as a result of lower refining margins, despite an increase in the benchmark Maya 2-1-1margin. Our refining margins in 2012, which were lower relative to the Maya 2-1-1 margin, reflected a reduced benefit from favorable crude purchasing opportunities compared to 2011 and lower by-product spreads for petroleum coke and other natural gas-based products.

Technology Segment

Operating results in 2012 for the Technology segment were lower compared to 2011. The results for both periods were negatively impacted by restructuring activities in Europe and in 2011, by an impairment of a research and development project. Underlying operations of the Technology segment in 2012 were relatively unchanged from 2011.

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 2012	For the Year Ended 31 December 2011
Sales and other operating revenues	$ 498	$ 506
Operating profit	122	107

Revenues—Revenues in 2012 decreased by $8 million compared to 2011. Lower catalyst sales volumes and average sales prices contributed to the decrease in 2012 revenues. The resulting impact was partly offset by the recognition of higher revenues, in 2012, on process licenses issued in prior years.

Operating Profit—Operating results increased $15 million in 2012 compared to 2011. Operating results for 2012 included an $18 million charge related to restructuring activities in Europe. Charges of $16 million related to restructuring activities and asset retirement obligations associated with a relocated R&D facility and $19 million for the impairment of an R&D project in Europe were included in our 2011 operating results.

Apart from these charges, underlying operations of the Technology segment's businesses in 2012 were relatively unchanged compared to 2011. Lower catalyst results which stemmed from lower margins and sales volumes were substantially offset by higher revenue recognized from process licenses issued in prior years.

1.6 Outlook

Significant financial and strategic progress in 2012 have positioned us well to 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 2013. We are a much stronger company financially going forward due to accelerated progress with our capital structure and deployment, including establishing a sound and competitive dividend policy. In 2012, we executed a major debt refinancing, reducing average annual interest costs by $400 million and increasing financial flexibility by eliminating many restrictive covenants. Our total debt has been reduced by almost $3 billion since mid-2010.

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. In 2012, we saw a substantial improvement in US olefins margins as ethane raw material costs declined further vs. 2011. We have begun a major olefins debottleneck project at our La Porte site and have additional projects in development at our Channelview and Corpus Christi sites to take advantage of the current olefins market opportunities.

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. In 2012, the commodity polyolefins businesses in Europe were very weak reflecting the economic and fiscal challenges in that region. 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. The Oxyfuels business had a very strong year in 2012, as margin improvement resulted from industry supply constraints early in the year in addition to the ongoing oil/gas ratio favorability. 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 business segment to improve the performance of the refinery, diversify its crude oil supply, and better capture market opportunities that develop in this volatile business. 2012 had fewer favorable market dislocations versus 2011, and our margins were reduced by lower byproduct values that reflected low natural gas prices. However, we are well positioned to benefit from the ongoing WTI/Brent crude oil price differential with new pipeline supplies beginning in 2013. The Berre, France refining operations that were previously a part of this segment were shut down as we begun 2012 based on a continued poor business outlook. Cash from inventory liquidation has largely offset restructuring costs associated with the shutdown.

At 31 December 2012 and 2011, we and our subsidiaries had approximately 13,400 and 13,700 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 2012	For the Year Ended 31 December 2011
Sources (uses) of cash:		
Operating activities	$ 4,670	$ 2,583
Investing activities	(896)	(735)
Financing activities	(2,145)	(4,964)

Operating Activities—Cash of $4,670 million provided in 2012 primarily reflected earnings, adjusted for non-cash items, proceeds received from income tax refunds, insurance settlements and cash provided by the main components of working capital – accounts receivable, inventories and accounts payable. These increases were offset in part by company contributions to our pension plans and, premiums and other fees related to prepayments of debt.

The main components of working capital provided cash of $521 million in 2012. This reflects a decrease in inventories of $763 million, partially offset by a $53 million increase in accounts receivable and a $189 decrease in accounts payable. A reduction in the high level of our O&P–Americas olefins inventories that were built at the end of 2011 in preparation for a turnaround scheduled for early 2012 at our Channelview, Texas facility, and the liquidation of refined products and crude oil inventories following the January 2012 shutdown of our Berre refinery were the primary contributors to the $763 million decrease in inventories. The increase in accounts receivable reflects higher sales volumes at the end of 2012 compared to the same period in 2011, while the lower accounts payable balance at 31 December 2012 reflects lower outstanding crude oil invoices compared to 31 December 2011.

Cash of $2,583 million provided in 2011 primarily reflected an increase in earnings, adjusted for non-cash items, 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 fees related to prepayments of debt and a litigation settlement.

Investing Activities—Cash used in investing activities in 2012 primarily reflects capital expenditures of $1,060 million, partially offset by dividends of $147 million received from our investments in associates.

Cash used in investing activities in 2011 primarily reflects capital expenditures of $1,050 million, including the purchase of a pipeline for $73 million, and an increase in restricted cash of $42 million related to the issuance of cash collateralized letters of credit. These cash outflows were partially offset by $206 million of dividends received from investment in associates and proceeds of $71 million from the sales of assets, which include $57 million related to the sale of surplus precious metals.

The following table summarizes capital expenditures plan for 2013 and actual capital expenditures for 2011 and 2012:

Millions of dollars	Plan 2013	For the Year Ended 31 December 2012	For the Year Ended 31 December 2011
Capital expenditures by segment:			
O&P–Americas	$ 654	$ 468	$ 425
O&P–EAI	213	254	235
I&D	379	159	101
Refining	201	136	224
Technology	29	43	26
Other	5	- -	10
Consolidated capital expenditures of continuing operations	$ 1,481	$ 1,060	$ 1,021

Financing Activities—Financing activities used cash of $2,145 million during 2012. Financing activities in 2012 reflect proceeds of $3,000 million from the issuance of $2,000 million of 5% senior notes due 2019 and $1,000 million of 5.75% senior notes due 2024. Net proceeds from the notes, together with cash on hand, were used to

finance the repayment in full of the remaining $755 million of our 8% senior notes due 2017 and $1,921 million of our 11% senior notes due 2018, respectively, and to pay $294 million for associated premiums and fees, which are reflected in operating cash flows.

In May 2012, we entered into a five-year revolving credit facility, and terminated our ABL credit facility. The revolving credit facility may be used for dollar and euro denominated borrowings and includes a sublimit for up to $700 million of dollar and euro denominated letters of credit. The balance of outstanding borrowings and letters of credit under the facility may not exceed $2,000 million at any given time.

In September 2012, we entered into a three-year, $1,000 million U.S. accounts receivable securitization facility that permits the sale of certain eligible trade receivables to participating financial institutions. The facility also provides for the issuance of letters of credit up to $200 million.

In aggregate, we paid fees related to these financing activities totaling $53 million.

Cash dividends of $2,415 million were paid during 2012, which include a special dividend of $2.75 per share paid on 11 December 2012 to shareholders of record on 19 November 2012.

Financing activities used cash of $4,964 million during 2011. In 2011, we redeemed an aggregate of $1,407 million and €234 million ($324 million) of our 8% senior notes due 2017 and $1,319 million of our 11% senior notes. We paid premiums totaling $404 million and bank fees of $7 million in conjunction with these redemptions.

Also in 2011, we issued $1,000 million of 6% senior notes due 2021 and used the proceeds to pay a portion of a special dividend of $4.50 per share, totaling $2,580 million. In addition to the special dividend, we paid a final 2010 dividend and interim dividends totaling $313 million. In June 2011, we paid $15 million of fees related to the amendment of our ABL credit facility.

Liquidity and Capital Resources

As of 31 December 2012, we had unrestricted cash and cash equivalents of $2,732 million. In addition, we had total unused availability under our credit facilities of $3,348 million at 31 December 2012, which included the following:

- $1,949 million under our revolving credit facility, which is net of outstanding borrowings and outstanding letters of credit provided under the facility. At 31 December 2012, we had $48 million of outstanding letters of credit and no outstanding borrowings under the facility.

- $916 million under our new, three-year accounts receivable securitization facility. Availability under the U.S. receivables securitization facility is subject to a borrowing base of eligible receivables, which is reduced by outstanding borrowings and letters of credit, if any. There were no outstanding borrowings or letters of credit at 31 December 2012.

- €355 million and $20 million (totaling approximately $483 million) under our €450 million European receivables securitization facility. Availability under this facility is subject to a borrowing base, net of outstanding borrowings. There were no outstanding borrowings under this facility at 31 December 2012.

In addition to the letters of credit issued under our committed revolving credit facility, we also have outstanding letters of credit and bank guarantees totaling $83 million at 31 December 2012.

At 31 December 2012, we had total debt, net of unamortized discount costs, of $4,347 million. Such debt includes current maturities.

We have receivables outstanding of €257 million ($339 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 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, which is reflected in noncurrent Trade and other receivables in the Consolidated Statement of Financial Position, has increased since that date. We expect to collect all amounts owed to us.

As a result of ceasing operations at our Berre refinery in France in January 2012, we expect to make future payments to affected employees and for exit or disposal activities.

We may repay or redeem our debt, including purchases of our outstanding bonds in the open market, using cash on hand, cash from operating activities or proceeds from asset divestitures. We plan to finance our ongoing working capital, capital expenditures, debt service and other funding requirements with cash from operations, which could be affected by general economic, financial, competitive, legislative, regulatory, business and other factors, many of which are beyond our control.

We intend to continue to declare and pay quarterly dividends, with the goal of increasing the dividend over time, after giving consideration to our cash balances and expected results from operations. We believe that our cash on hand, 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.

Contractual and Other Obligations—The following table summarizes, as of 31 December 2012, 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**	**2013**	**2014**	**2015**	**2016**	**2017**	**Thereafter**
Total debt, nominal value	$ 4,400	$ 96	$ 1	$ 1	$ 1	$ 1	$ 4,300
Interest payment on total debt	2,220	243	243	243	243	243	1,005
Pension benefits:							
PBO	3,455	204	195	204	197	209	2,446
Assets	(2,323)						(2,323)
Funded status	1,132						
Other postretirement benefits	391	22	22	23	24	24	276
Advances from customers	170	42	61	15	12	12	28
Other	1,032	400	134	122	112	33	231
Deferred income taxes	1,677	42	146	147	78	105	1,159
Purchase obligations:							
Take-or-pay contracts	17,911	2,472	2,393	2,243	1,737	1,733	7,333
Other contracts	28,719	10,896	5,972	5,296	2,309	2,197	2,049
Operating leases	1,080	256	220	178	111	88	227
Total	$ 58,732	$ 14,673	$ 9,387	$ 8,472	$ 4,824	$ 4,645	$ 16,731

Total Debt—Total debt includes our 5% senior notes due 2019, our 6% senior notes due 2021, our 5.75% senior notes due 2024, our 8.1% guaranteed notes due 2027 and various other U.S. and non-U.S. loans. See Note 24 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 on Total Debt—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 26 to the Consolidated Financial Statements. At 31 December 2012, the projected benefit obligation for our pension plans exceeded the fair value of plan assets by $1,132 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 $1,132 million, with interest, in future years. We contributed $180 million and $526 million to our pension plans in 2012 and 2011, respectively. Estimates of pension benefit payments net of contributions through 2017 are included in the table above.

Other Postretirement Benefits—We provide other postretirement benefits, primarily medical benefits to eligible participants, as described in Note 26 to the Consolidated Financial Statements. We pay other unfunded postretirement benefits as incurred. Estimates of other postretirement benefit payments through 2017 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 advances from customers were received 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 $128 million 31 December 2012.

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 2012.

Operating Leases—We lease various facilities and equipment under non-cancelable lease arrangements for various periods. See Note 29 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.

Our business, including our results of operations and reputation, could be adversely affected by process safety or product liability issues.

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

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

We maintain property, business interruption, product, general liability, casualty and other types of insurance, including pollution and legal liability, that we believe are in accordance with customary industry practices. However, we are not fully insured against all potential hazards incident to our business, including losses resulting from natural disasters, wars 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.

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 raw materials necessary for our operations, which will have a material adverse effect on our results of operations.

Recently, increased incidents of civil unrest, including terrorist attacks and 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.

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 or if the demand for natural gas and NGLs increases, this may have a negative result on our results of operations. Additionally, the export of NGLs from the U.S. and or greater restrictions on hydraulic fracturing could restrict the availability of our raw materials thereby increasing our costs.

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.

Additionally, there is growing concern over the reliability of water sources, including around the Texas Gulf Coast where several of our facilities are located. The decreased availability or less favorable pricing for water as a result of population growth, drought or regulation could negatively impact our operations.

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. Disruptions of supplies may occur as a result of transportation issues including, but not limited to, as a result of natural disasters and water levels that can affect the ability of vessels, barges, rails, trucks and pipeline traffic. These risks are particularly prevalent in the U.S. Gulf Coast area.

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.

The economic crisis in Europe could have a material adverse effect on our business, prospects, operating results, financial condition and cash flows.

The recent European economic crisis 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 economic 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 the break-up of the European economic and monetary union or 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.

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.

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. A sizeable number of expansions have recently been announced in North America. The timing and extent of any changes to currently prevailing market conditions are 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.

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.

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 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;
- increased restrictions on, or the unavailability of, water for use at our manufacturing sites or for the transport of our products or raw materials;
- 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.

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 information security threats and more sophisticated, targeted computer crime pose a risk to the confidentiality, availability and integrity of our data, operations and infrastructure. 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 employees, systems, networks, products, facilities and services remain potentially vulnerable to sophisticated espionage or continual cyber-assault. Depending on their nature and scope, such threats could potentially lead to the compromise 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.

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. These risks include fluctuations in currency exchange rates, economic instability and disruptions, restrictions on the transfer of funds and the imposition of duties and tariffs. Additional risks from our multinational business include transportation delays and interruptions, war, terrorist activities, epidemics, pandemics, political instability, import and export controls, changes in governmental policies, labor unrest and current and changing regulatory environments.

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. We also could 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. Additionally, we operate with the objective of having our worldwide cash available in the locations where it is needed, including The Netherlands for our parent company's significant cash obligations as a result of dividend and interest payments. It is possible that we may not always be able to provide cash to other jurisdictions when needed or that such transfers of cash could be subject to additional taxes, including withholding taxes. This particularly is true of transfers of cash outside of the United States, where we currently have significant cash flows from operations.

Our operating results could be negatively affected by the global laws, rules and regulations, as well as political environments in the jurisdictions in which we operate. There could be reduced demand for our products, decreases in the prices at which we can sell our products and disruptions of production or other operations. Additionally, there may be substantial capital and other costs to comply with regulations and/or increased security costs or insurance premiums, any of which could reduce our operating results.

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.

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 propylene oxide, 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.

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.

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

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

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

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

Many of these laws and regulations provide for substantial fines and potential criminal sanctions for violations. Some of these laws and regulations are subject to varying and conflicting interpretations. In addition, some of these

laws and regulations require us to meet specific financial responsibility requirements. Any substantial liability for environmental damage could have a material adverse effect on our financial condition, results of operations and cash flows.

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

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

Compliance with regulatory requirements could result in higher operating costs, such as regulatory requirements relating to emissions, the security of our facilities, and the transportation, export or registration of our products. We generally expect that regulatory controls worldwide will become increasingly more demanding, but cannot accurately predict future developments.

Increasingly strict environmental laws and inspection and enforcement policies, could affect the handling, manufacture, use, emission or disposal of products, other materials or hazardous and non-hazardous waste. Stricter environmental, safety and health laws, regulations and enforcement policies could result in increased operating costs or capital expenditures to comply with such laws and regulations. Additionally, we are required to have permits for our businesses and are subject to licensing regulations. These permits and licenses are subject to renewal, modification and in some circumstances, revocation. Further, the permits and licenses are often difficult, time consuming and costly to obtain and could contain conditions that limit our operations.

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

There has been a broad range of proposed or promulgated state, national and international laws focusing on greenhouse gas (“GHG”) reduction. These proposed or promulgated laws apply or could apply in countries where we have interests or may have interests in the future. Laws in this field continue to evolve and, while they are likely to be increasingly widespread and stringent, at this stage it is not possible to accurately estimate either a timetable for implementation or our future compliance costs relating to implementation. Within the framework of EU emissions trading, we were allocated certain allowances of carbon dioxide per year for the affected plants of our European sites for the 2005 to 2007 period. For the second trading period (2008 to 2012), a number of our plants were included in the Europe-wide trading system. We expect to incur additional costs as a result of the existing emissions trading scheme (including the second trading period starting 2013) 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, requirements to obtain GHG permits for certain industrial plants and proposals for GHG performance standards for some facilities. 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 may be forthcoming at the U.S. federal or 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. Additionally, compliance with these regulations may result in increased permitting necessary for the operation of our business or for any of our growth plans. Difficulties in obtaining such permits could have an adverse effect on our future growth. Therefore, any future potential regulations and legislation 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.

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.

Our business is capital intensive and we rely on cash generated from operations and external financing to fund our growth and ongoing capital needs. Limitations on access to external financing could adversely affect our operating results.

We require significant capital to operate our current business and fund our growth strategy. Moreover, interest payments, dividends and the expansion of our business or other business opportunities may require significant amounts of capital. We believe that our cash from operations currently will be sufficient to meet these needs. However, if we need external financing, our access to credit markets and pricing of our capital is dependent upon maintaining sufficient credit ratings from credit rating agencies and the state of the capital markets generally. There can be no assurances that we would be able to incur indebtedness on terms we deem acceptable, and it is possible that the cost of any financings could increase significantly, thereby increasing our expenses and decreasing our net income. If we are unable to generate sufficient cash flow or raise adequate external financing, including as a result of significant disruptions in the global credit markets, we could be forced to restrict our operations and growth opportunities which could adversely affect our operating results.

We may use our five-year, $2.0 billion revolving credit facility to meet our cash needs, to the extent available. As of 31 December 2012, we had no borrowings and $48 million of letters of credit issued and supported by the facility, leaving an unused and available credit capacity of $1,949 million. In the event of a default under our credit facility or any of our senior notes, we could be required to immediately repay all outstanding borrowings and make cash deposits as collateral for all obligations the facility supports, which we may not be able to do. Any default under any of our credit arrangements could cause a default under many of our other credit agreements and debt instruments. Without waivers from lenders party to those agreements, any such default could have a material adverse effect on our ability to continue to operate.

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.

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 EuropeanUnion, 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 under 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.

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

As of 21 March 2013, two separate groups of affiliated shareholders collectively own approximately 29% 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.

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. 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.

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 2012, the aggregate deficit was $1,132 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.

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 800 of our employees located in North America are represented by labor unions.

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.

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 designed and implemented an enterprise risk management process.

This initial process 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, were assigned to senior management, who are responsible for analyses and action planning activities related to their assigned risks. Regular updates are 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.The Company has established a framework to properly manage internal controls over financial reporting so as to report its assessment for the fiscal year ended 31 December 2012, 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

Employees within the Company, 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 2012, the end of the period covered by this annual report.

LyondellBasell Industries N.V.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting in our fourth fiscal quarter of 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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, 29 March 2013

2 Governance and Compliance

In this section we introduce our Supervisory Board and present their Report for 2012, 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 ten 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 ten 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. Jacques Aigrain, Scott M. Kleinman and Bruce A. Smith are each Class III 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 of nominees that is drawn up by the Supervisory Board. Pursuant to our Articles of Association, the list is, in principle, binding. The binding nature of the Supervisory Board's nominations 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 28 March 2013.

Director Nominees

Jacques Aigrain, French-Swiss, 58 years of age, Class III Supervisory Director since May 2011

Chairman of LCH Clearnet Group, Limited, a clearinghouse group, since March 2010.

Chief Executive Officer of SwissRe, a global reinsurance company, from 2006 to 2009.

Director of Swiss International Air Lines, since December 2001.

Director of Lufthansa German Airlines, since September 2007.

Director of Qatar financial Centre Authority, the commercial arm of the Qatar Financial Centre, which is responsible for leading the expansion of Qatar's financial services sector and for developing relationships with the regional and global financial community, since April 2012.

Director of Resolution Ltd., a financial services company that acquires businesses in the insurance industry, from February 2010 to March 2013.

Mr. Aigrain has extensive management expertise, including financial and strategic planning, capital markets, and government and regulatory affairs, as well as considerable experience with governance of international companies and board service, among other skills, that strengthen the Supervisory Board's collective qualifications, skills and experience.

Scott M. Kleinman, American, 40 years of age, 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 Corporation, a producer and marketer of alkylamines and derivatives since December 2011.

Director of Verso Paper Corp., 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 Holdings LLC, a producer of silicones and silicone derivatives, since October 2010.

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

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

Mr. Kleinman has significant experience in financing, analyzing, investing in and managing investments in public and private companies. Mr. Kleinman has substantial expertise in strategic and financial matters which contributes to our supervisory board. 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.

Bruce A. Smith, American, 69 years of age, Class III Supervisory Director since July 2010

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

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

Director of GEVO, Inc., a renewable chemicals and advanced biofuels company, since June 2010.

Director of Ventech Engineers, Inc., an engineering and procurement services company, since January 2012.

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

Information, as of 28 March 2013, with respect to the Supervisory Directors who are not up for election is as follows:

Jagjeet S. Bindra, American, 65 years of age, 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, from 2009 to 2012.

Director and Deputy Chairman of Transfield Services, a global provider of operations, maintenance and asset and project management services, from 2009 to 2012.

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.

Mr. Bindra's extensive knowledge and global senior management experience in asset intensive industries, as well as his expertise in the energy value chain and asset management, and his experience in corporate governance of public companies, among other skills, strengthens the Supervisory Board's collective qualifications, skills and experience.

Robin Buchanan, British, 60 years of age, Class II Supervisory Director since May 2011

Chairman of Michael Page International plc, a specialist recruitment company, since December 2011 and director since August 2011.

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

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

Advisor to Access Industries, a privately held industrial group.

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

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

Mr. Buchanan's extensive knowledge and experience relating to strategy, leadership, business management and corporate governance, as well as his extensive experience in serving on corporate boards and consulting for companies in an array of industries, including in the industrial sector, strengthens the Supervisory Board's collective qualifications, skills and experience.

Milton Carroll, American, 62 years of age, Class I Supervisory Director since July 2010

Chairman of CenterPoint Energy, a public utility holding company, since October 2002.

Chairman of Instrument Products, a private oil-tool manufacturing company, since October 1977.

Director of Halliburton, an oilfield services company, since December 2006.

Chairman of Health Care Service Corporation, a health benefits company, since 2002.

Director of Western Gas Holdings LLC, the general partner of Western Gas Partners L.P., an owner, operator and developer of midstream energy assets, since April 2008.

Director of LRR Energy, L.P., a limited partnership focusing on producing oil and natural gas properties, since 2011.

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, that strengthen the Supervisory Board's collective qualifications, skills and experience.

Stephen F. Cooper, American, 66 years of age, 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 July 1985.

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

Director of Ventech Engineers, Inc., an engineering and procurement services firm, since September 2011.

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

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 December 2010.

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. His substantial and expansive experience in various industries provides him with significant expertise in all aspects of supervising management of large, complex companies strengthen the Supervisory Board's collective qualifications, skills and experience.

Robert G. Gwin, American, 49 years of age, Class II 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 March 2009.

Senior Vice President of Anadarko Petroleum from February 2008 to March 2009.

Chairman of Western Gas Holdings, LLC, the general partner of Western Gas Partners, LP, an owner, operator and developer of midstream energy assets, since October 2009 and director since August 2007.

Chairman of Western Gas Equity Holdings, LLC, the general partner of Western Gas Equity Partners, LP since November 2012.

Chief Executive Officer of Western Gas Holdings LLC from August 2007 to January 2010.

President of Western Gas Holdings LLC from August 2007 to September 2009.

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, 64 years of age, Class II Supervisory Director since April 2010

Chief Executive Officer of CEVA Group Plc, a global supply chain management company, since October 2012, Chairman of CEVA since March 2009.

Principal of Cherry Hill Chemical Investments, LLC, a firm that provides management services and capital to the chemical industry, since October 1998.

Director of Momentive Performance Materials Holdings, a specialty chemicals and materials company, since February 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 1999.

Consultant to Apollo Management LLP since January 1999.

Vice Chairman of Hexion Specialty Chemicals, a specialty chemicals and materials company (acquired by Momentive Performance in 2010), from May 2005 to February 2010.

Mr. Schlanger has significant senior management experience, 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, which strengthen the supervisory board's collective qualifications, skills and experience.

Rudy Van der Meer, Dutch, 68 years of age, 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 fiber cement products and systems manufacturer,

since 2007.

Chairman of the Supervisory Board of Coöperatie VGZ 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.

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.

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 General Auditor, and overseen by a Risk Management Committee. The standing members of the Risk Management Committee include the Company's CEO, Chief Financial Officer, Chief Legal Officer and VP of Health, Safety & Environmental. Through a variety of policies and procedures, business leaders are required to identify, monitor, mitigate and report on risks under the supervision of the Risk Management Committee, which requires risk management plans from each business segment and function. The Committee sets the Company's various risk tolerances, ensuring they are aligned with the Company's strategic goals, and defines the risk profile of the Company.

The results of the risk management processes, and the decisions made by the Risk Management Committee, 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

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 to allow for a finding of independence.

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 there are no relationships or transactions under the categorical standards that would prohibit any of the six directors listed above from being deemed independent. Further, the Supervisory Board is not aware of any other transactions or 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.

Each of Messrs. Buchanan, Cooper, Kleinman and Schlanger currently has a relationship that prohibits a finding of independence under the categorical standards contained in our Corporate Governance guidelines. Specifically, Messrs. Kleinman and Schlanger are associated with Apollo Management L.P., whose affiliates own more than 10% of our issued capital. Additionally, in 2010, Apollo or its affiliates received a back-stop fee from the Company pursuant to an Equity Commitment Agreement as well as interest payments and fees under certain financing arrangements that exceed the threshold under our categorical standards to allow for a finding of independence of Mr. Kleinman, given his position with Apollo. Messrs. Buchanan and Cooper are both associated with Access Industries, whose affiliates own more than 10% of the Company's shares, which prohibits a finding of independence for them under our standards. In addition, in May 2010, Mr. Cooper was paid in excess of $120,000 in addition to his regular Supervisory Board fees for his work in assisting the Company's predecessor in its bankruptcy proceedings. The prohibition of a finding that Mr. Cooper is independent based on this compensation expires as of May 2013.

Meetings and Board Committees

The Supervisory Board held seven meetings in 2012, 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 currently as Chairman LCH Clearnet Group and previously 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 master's 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 nine times during 2012. In 2012, 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 seven times in 2012. In 2012, 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. Gwin (Chairman), Carroll and Smith. Each member is independent in accordance with the rules and regulations of the NYSE.

The Nominating & Governance Committee met five times during 2012. The Nominating & Governance Committee performed substantial work during 2012 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. Aigrain, Kleinman and Smith for re-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. The Supervisory Board has adopted a profile, which can be found on our website, that details the desired characteristics and experience of members of the Supervisory Board. The Nominating & Governance Committee considers this profile (in addition to any other factors it deems relevant) when considering candidates for nomination to the Supervisory Board.

The Nominating and Governance Committee, and the Supervisory Board, consider diversity in business experience, professional expertise, gender and ethnic background, along with various other factors when evaluating potential director nominees. In an effort to promote diversity, effective January 1, 2013, Dutch law requires that 30% of the members of Dutch companies' boards be female. The legislation specifies that if companies do not meet this requirement, they must disclose the reason for non-compliance as well as their efforts and intent to come into compliance. To help the Company achieve the success it enjoys today, initial composition of the Supervisory Board emphasized financial, operational, and international experience and considered diversity in business experience, professional expertise, and ethnic background, along with various other factors. Additionally, five of the current members of the Supervisory Board were nominated pursuant to Nomination Agreements, described below under "Related Party Transactions." The individuals currently serving as Supervisory Directors were therefore nominated without regard to gender diversity considerations. However, recognizing the benefits of gender diversity, the Supervisory Board intends to seek female candidates for Supervisory Board director positions whenever vacancies arise.

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 2012. During 2012, 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. In 2012 and 2013, we registered the resale of 83.5 million of our ordinary shares by certain affiliates of Apollo Management pursuant to the registration rights agreement at a cost to us of approximately $1 million. Additionally, we have 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.

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. No payments were received from Access under the agreement during 2012. 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 $5.2 million from Anadarko Petroleum in 2012. 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. In 2011 and 2012, the Audit Committee authorized 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.

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.

Compensation of the Members of the Supervisory Board

Under our Articles of Association, compensation of members of our Supervisory Board may not exceed amounts that are approved by our general meeting of shareholders. The Nominating & Governance Committee makes recommendations to the Supervisory Board with respect Supervisory Board compensation programs, which then are proposed to shareholders for approval. The Supervisory Board is proposing to amend the Articles of Association of the Company at the 2013 Annual General Meeting to provide that shareholder approval will not be necessary for Supervisory Board compensation to the extent the aggregate amount of such compensation in any fiscal year does not exceed $2 million.

Director Compensation in 2012

The members of our Supervisory Board receive both equity and cash compensation for their service on the Supervisory Board and its committees. The Supervisory Directors' compensation is designed to provide a competitive package that will enable the Company to attract and retain highly skilled individuals with relevant experience. Further, the compensation program is meant to reflect 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.

Supervisory Board directors receive restricted stock units ("RSUs") as part of their annual compensation. The equity grants are provided as a means to align the interests of our Supervisory Directors with those of shareholders, and to put a portion of their compensation at risk. Additionally, the granting of equity compensation to directors generally is considered a best practice for U.S. companies, and all of the Company's compensation peer groups offer equity compensation to their directors. The Company believes paying directors a portion of their compensation in equity is vital in order to remain competitive and to attract and retain the best individuals.

The Supervisory Board also believes that long-term ownership of shares is a best practice for its members. Therefore, in February 2013, the Supervisory Board adopted Director Share Ownership Guidelines. Pursuant to these guidelines, Supervisory Directors may not sell more than 50% of the shares they receive upon vesting of their equity grants until they own a number of shares valued at three times their annual cash retainer in effect when the guidelines were adopted. Restricting sales of shares in this manner ensures that our Supervisory Directors are able to diversify their holdings if necessary for their individual circumstances but also are required to hold substantial amounts of our shares during their service on our board.

The 2012 Supervisory Board compensation program is set forth below and was approved by shareholders at the 2012 annual general meeting of shareholders.

Annual Retainer	
Cash	$90,000 ($120,000 for Chairman of the Board)
RSUs	Valued at $135,000 ($160,000 for Chairman of the Supervisory Board)
Committee Retainer	
Members	$10,000 ($11,000 for Audit Committee)
Chairmen	$15,000 ($20,000 for Audit Chair)
Travel Fees	$5,000 for each intercontinental round trip

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 147. 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 58), which is deemed to be incorporated by reference herein.

Rotterdam, 29 March 2013

The Supervisory Board

Marvin O. Schlanger (Chairman)

Jacques Aigrain

Jagjeet Bindra

Robin Buchanan

Milton Carroll

Stephen F. Cooper

Robert G. Gwin

Scott M. 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 2012 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. 2012 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. 2012 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 2012 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, 29 March 2013

/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 2013 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. 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 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 60 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.

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 2012, 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 U.S. laws, rules and regulations, contains an "apply-or-explain" principle, offering the possibility to deviate from the Corporate Governance Code and still be in compliance as long as any such deviations are explained. 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 substantial majority of the provisions of the Code. If there are conflicting provisions of the Code and the requirements of the NYSE and the SEC, we will comply with the NYSE and SEC requirements, given their mandatory nature. As an SEC registrant and NYSE listed company, we believe that it is appropriate to maintain governance practices that are consistent with our peers listed on the NYSE.

For clarity purposes, we have listed below deviations from the Code and our reasons for deviating.

Best practice provision II.1.1

Pursuant to his employment agreement, Mr. Gallogly was appointed as a member of the Management Board for an initial term of five years, which exceeds the four year term limit contained in the Code.

We believe Mr. Gallogly's five year term is 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. We believe that a five year period is appropriate in these circumstances. 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, our Rules of the Management Board and the provisions of the Code

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.

Mr. Gallogly, the sole member of the Management Board, was recruited and hired to join the Company in May 2009, during bankruptcy proceedings. At that time, an employment agreement was negotiated and approved by the bankruptcy court. The Company believes that the level and structure of Mr. Gallogly's compensation was not only necessary to recruit him, but remains appropriate for his responsibilities. Certain of the contractual provisions of the agreement deviate from the best practice provisions of the Code as described below.

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, because 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. The severance provisions contained in the agreement are not inconsistent with those of similarly situated executives at our peer companies. We believe that the severance provisions currently are appropriate, but it also should be noted that those provisions were included in Mr. Gallogly's employment agreement at a time that the Company as in bankruptcy proceedings and faced an uncertain future. Therefore, giving him economic protection ensured he was able to focus on the Company's performance and the creation of stakeholder value as opposed to whether he would be treated fairly by the Company.

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 provisions of the Dodd-Frank Act.

Best practice provisions of Principle II.2

The following are the best practice provisions from which the Company has deviated.

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 was 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. 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, continues to be 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 program 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. 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.

In February 2013, the Supervisory Board adopted Share Ownership Guidelines that prohibit Supervisory Board members from divesting of equity they have received from the Company until they have a certain level of share ownership. These Ownership Guidelines are meant to ensure that the Supervisory Directors treat their equity in the Company as a long-term investment.

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 in 2009 and approved by the bankruptcy court. 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 named executive officers.

Also in accordance with SEC regulations, the Supervisory Board is seeking from shareholders at the Annual Meeting the approval, in an advisory vote, 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 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 measurable Company objectives on both an absolute basis, and relative to the industry and peers, as well as individual performance objectives; and
- Align executives' incentives with the creation of shareholder value through both medium and long-term incentive plans.

One of the practices to achieve the above objectives is targeting pay for our executive officers at or around the median for comparable positions at similarly sized companies and at our peers. We believe that targeting total compensation, as well as each component of total compensation, at a median level supports a high performing culture. The design of our program allows for, but does not guarantee, significant potential upside in the case of superior performance. Conversely, minimal payments or even no payments may be made if performance does not warrant such levels of compensation. As a result, we believe our executives are continually incentivized to act in a manner that benefits the Company and its stakeholders.

A significant portion of our executives' total targeted compensation is under our incentive programs. We believe that putting these portions of compensation at risk ensures we pay for performance. Payouts under our incentive programs require the achievement of goals that we believe increase shareholder value. A fundamental component in the determinations of whether goals have been met is not only the assessment of performance on an absolute basis, but also our performance relative to our peers, the industry and economic conditions generally. We believe these assessments ensure a strong link between pay and performance.

We look at the Company's HSE and financial performance, as well as executives' individual performance, in determining payouts under incentive compensation awards. We attempt to develop performance metrics that will assess the performance of the Company relative to other companies in addition to absolute performance. This practice is based on our belief that absolute performance can be affected, both positively and negatively, by industry-wide factors or general economic conditions over which our executives may have little control. For example, the cyclicality of feedstock costs and the global economy can have a significant effect on our results of operations. Therefore, we choose performance metrics that we believe can be used to analyze our performance generally as well as compared to our peers. We believe this helps focus on differential performance by our executives. Finally, we attempt to isolate the underlying performance measurements we believe are necessary for successful performance within our industry.

For purposes of awards under our incentive programs, we have set goals that will require high performance in order to receive target incentive compensation levels. We have selected goals under three areas of performance, as opposed to a single financial measure, to promote the well-rounded executive performance necessary to enable the Company to achieve long-term success.

Our incentive programs do not include guaranteed payouts based solely on the attainment of formulaic metrics or threshold measures. Instead, we use goals that include numerical targets as one of the components to determine whether payouts are warranted under each of the metrics. Because our programs are not formulaic, the achievement (or non-achievement) of such goals is only the starting point in the Committee's determination of payouts for that metric. 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, formulaic performance targets. Further, we do not believe that using solely formulaic metrics allows the Committee to adequately take into account all of the factors that may affect the Company's performance, both negatively and positively. The retention of discretion by the Compensation Committee allows for the consideration of differential performance by the Company and its executives in order to judge relative performance in addition to absolute performance.

Our executive compensation program generally consists of four principal components:

- Base salary;
- Short-term (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, as described below. 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 2012 ("2012 Annual Reports"): (i) 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 (ii) 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 2012 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 36 through 38 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, we are 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 2012, providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. PricewaterhouseCoopers LLP, the Company's independent registered accounting firm under U.S. securities rules and regulations 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 2012 Annual Report on Form 10-K for the year ended 31 December 2012.

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 Disclosure Committee, 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 Committee's 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.

The Company also has an enterprise risk management process, which is coordinated by the Company's General Auditor, and overseen by a Risk Management Committee. The standing members of the Risk Management Committee include the Company's CEO, Chief Financial Officer, Chief Legal Officer and VP of Health, Safety & Environmental. Through a variety of policies and procedures, business leaders are required to identify, monitor, mitigate and report on risks under the supervision of the Risk Management Committee, which requires risk management plans from each business segment and function. The Committee sets the Company's various risk tolerances, ensuring they are aligned with the Company's strategic goals, and defines the risk profile of the Company.

The results of the risk management processes, and the decisions made by the Risk Management Committee, 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.

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 whose shares represent a value of at least €50,000,000. Additionally, under the rules of the SEC shareholders who want to have proposals included in our proxy statement for the 2014 meeting must have been the registered or beneficial owner of (a) at least 1% of our outstanding shares or (b) shares having a market value of at least $2,000 for at least one year before submitting the proposal. The shareholder must also continue to own the shares through the date of the 2014 meeting.

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

Shareholders registered at the record date set by the Company 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. 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.

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 Committee assists 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 2012. 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 STATEMENT OF INCOME

Millions of U.S. Dollars, except per share data	Note	Year Ended 31 December 2012	2011
Revenue	5	$ 45,595	$ 51,035
Cost of sales	6	40,377	45,744
Gross profit		5,218	5,291
Selling costs	6	253	307
Administrative expenses	6	647	610
Other losses, net		86	35
Other operating (income)/ expense, net		(41)	(34)
Operating profit		4,273	4,373
Finance income		18	38
Finance costs	10	(640)	(1,068)
Share of profit of associates and joint ventures, net of tax	15	143	216
Profit before income tax		3,794	3,559
Income tax expense	11	(1,198)	(1,190)
Profit for the year		2,596	2,369
Attributable to:			
Profit/(loss) attributable to			
- Owners of the Company	22	2,610	2,376
- Non-controlling interests	23	(14)	(7)
Total		$ 2,596	$ 2,369
Earnings per share:			
- Basic	12	$ 4.55	$ 4.16
- Diluted	12	$ 4.51	$ 4.13

The notes on pages 80 to 135 are an integral part of these consolidated financial statements.

LyondellBasell Industries N.V.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Millions of U.S. Dollars	Note	Year Ended 31 December 2012	Year Ended 31 December 2011
Profit for the year		$ 2,596	$ 2,369
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Losses on post-employment benefits obligations	26	(168)	(424)
Tax on losses on post-employment benefits obligations	11	41	137
		(127)	(287)
Items that may be reclassified subsequently to profit or loss:			
Currency translation of foreign operations		127	(230)
Tax on currency translation of foreign operations	11	(1)	(1)
		126	(231)
Other comprehensive income, net of tax		(1)	(518)
Total comprehensive income		$ 2,595	$ 1,851
Attributable to:			
- Owners of the Company		2,609	1,858
- Non-controlling interests	23	(14)	(7)
		$ 2,595	$ 1,851

The notes on pages 80 to 135 are an integral part of these consolidated financial statements.

LyondellBasell Industries N.V.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Millions of U.S. Dollars	**Note**	**31 December 2012**	**31 December 2011**
Non-current assets:			
Intangible assets	13	$ 1,402	$ 1,535
Property, plant and equipment	14	8,089	7,767
Investments in associates and joint ventures	15	1,625	1,605
Deferred income tax assets	25	26	91
Trade and other receivables	20	425	116
Total non-current assets		11,567	11,114
Current assets:			
Inventories	19	4,905	5,654
Trade and other receivables	20	4,346	4,529
Derivative financial instruments	18	19	13
Income tax receivable		85	372
Cash and cash equivalents	21	2,732	1,065
Total current assets		12,087	11,633
Total assets		$ 23,654	$ 22,747

The notes on pages 80 to 135 are an integral part of these consolidated financial statements.

LyondellBasell Industries N.V.

EQUITY AND LIABILITIES

Millions of U.S. Dollars	**Note**	**31 December 2012**	**31 December 2011**
Equity attributable to the owners of the Company:	22		
Share capital		$ 31	$ 31
Share premium		10,450	10,305
Other reserves		(420)	(419)
Retained earnings		777	582
Treasury shares		(106)	(124)
		10,732	10,375
Non-controlling interest	23	40	54
Total equity		10,772	10,429
Non-current liabilities:			
Borrowings	24	4,251	3,945
Deferred income tax liability	25	1,677	1,343
Retirement benefit obligations	26	1,523	1,480
Provisions for other liabilities and charges	28	372	440
Accruals and deferred income		292	212
		8,115	7,420
Current liabilities:			
Trade and other payables	27	4,255	4,459
Income tax payable		273	177
Borrowings	24	96	52
Derivative financial instruments	18	29	53
Provisions for other liabilities and charges	28	114	157
		4,767	4,898
Total liabilities		12,882	12,318
Total equity and liabilities		$ 23,654	$ 22,747

The notes on pages 80 to 135 are an integral part of these consolidated financial statements.

LyondellBasell Industries N.V.

CONSOLIDATED STATEMENT 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	22	- -	- -	(133)	- -	- -	(133)	- -	(133)
Warrants exercised	22	1	402	- -	- -	- -	403	- -	403
Dividends paid	22					(2,893)	(2,893)	- -	(2,893)
Employees share-based payments:									
- Issuance of shares	8	- -	31	9	- -	- -	40	- -	40
- Tax credits related to share-based awards	11	- -	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	22/23	- -	- -	- -	- -	2,376	2,376	(7)	2,369
Other comprehensive income:									
Actuarial loss on post employment benefit obligations	11/26	- -	- -	- -	(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 80 to 135 are an integral part of these consolidated financial statements.

LyondellBasell Industries N.V.

CONSOLIDATED STATEMENT 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 2012		$ 31	$ 10,305	$ (124)	$ (419)	$ 582	$ 10,375	$ 54	$ 10,429
Transactions with owners:									
Shares purchased	22	- -	- -	(13)	- -	- -	(13)	- -	(13)
Warrants exercised	22	- -	43	- -	- -	- -	43	- -	43
Dividends paid relating to 2012	22	- -	- -	- -	- -	(2,415)	(2,415)	- -	(2,415)
Employees share-based payments:									
- Issuance of shares	8	- -	14	31	- -	- -	45	- -	45
- Tax credits related to share-based awards	11	- -	88	- -	- -	- -	88	- -	88
Total transactions with owners		31	10,450	(106)	(419)	(1,833)	8,123	54	8,177
Comprehensive income for the period:									
Profit and loss	22/23	- -	- -	- -	- -	2,610	2,610	(14)	2,596
Other comprehensive income:									
Actuarial loss on post employment benefit obligations	11/26	- -	- -	- -	(127)	- -	(127)	- -	(127)
Currency translation differences		- -	- -	- -	126	- -	126	- -	126
Total Comprehensive Income for the period		- -	- -	- -	(1)	2,610	2,609	(14)	2,595
Balance at 31 December 2012		$ 31	$ 10,450	$ (106)	$ (420)	$ 777	$ 10,732	$ 40	$ 10,772

The notes on pages 80 to 135 are an integral part of these consolidated financial statements.

LyondellBasell Industries N.V.

CONSOLIDATED STATEMENT OF CASH FLOWS

Millions of U.S. Dollars	Note	Year Ended 31 December 2012	2011
Cash flows from operating activities:			
Profit before income tax		$ 3,794	$ 3,559
Adjustments for:			
Depreciation, amortization and impairments	6	1,038	986
Share based compensation	8	17	31
Finance cost, net		622	1,030
Other losses, net		86	35
Other operating (income)/expense, net		(41)	(34)
Share in profit of associates and joint ventures, net of tax	15	(143)	(216)
Contributions to pension Plans	26	(180)	(526)
Changes in working capital relating to:			
(Increase)/decrease in trade receivables		(53)	(131)
(Increase)/decrease in inventories		763	(1,070)
Increase in trade payables		(189)	703
Other		(118)	(56)
Cash generated from operations		5,596	4,311
Interest paid		(665)	(1,066)
Net income taxes paid		(261)	(662)
Net cash from operating activities		4,670	2,583
Cash flows from investing activities:			
Purchase of property, plant and equipment		(1,060)	(1,050)
Proceeds from disposal of assets		12	71
Interest received		18	38
Dividends received from associates and joint ventures	15	147	206
Other investing costs		(13)	- -
Net cash used in investing activities		(896)	(735)
Cash flows from financing activities:			
Proceeds from exercise of warrants		1	37
Repayments of borrowings	24	(2,718)	(3,063)
Proceeds from borrowings	24	2,968	985
Dividends paid	22	(2,415)	(2,893)
Other financing costs		19	(30)
Net cash used in financing activities		(2,145)	(4,964)
Net increase in cash and cash equivalents		1,629	(3,116)
Cash and cash equivalents at beginning of period		1,065	4,222
Exchange rate differences		38	(41)
Cash and cash equivalents at end of the period	21	$ 2,732	$ 1,065

The notes on pages 80 to 135 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 on 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").

The Financial Statements year ended 31 December 2012, of LyondellBasell N.V. were approved for issue by both the Supervisory Board and the Management Board on 29 March 2013.

The Financial Statements are subject to adoption by the Annual General Meeting of Shareholders on 22 May 2013.

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 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.

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 2012 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 2012 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:

Amendments to IAS 19, Employee Benefits—This amendment eliminates the "corridor approach" and therefore requires 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 after 1 January 2013 and early application is permitted.

We will adopt the amendments to IAS 19 on 1 January 2013. The impact of the adoption, which will be shown in the 2013 annual report, will result in increases in finance costs of $59 million for the year ended 31 December 2012.

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 measurement is required, but does prescribe how fair value should 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 will adopt IFRS 13 on 1 January 2013. The adoption of IFRS 13 will not have a material effect on the presentation of our consolidated financial statements. *IFRS 10, Consolidated Financial Statements*—IFRS 10 as issued and amended, 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, as endorsed by the EU, is effective for annual periods beginning after 1 January 2014 and is available for early adoption.

We have yet to assess IFRS 10's full impact and intend to adopt IFRS 10 no later than the accounting period beginning on 1 January 2014.

IFRS 11, Joint Arrangements—IFRS 11 as issued and amended, considers and gives guidance on determining two types of joint arrangements; joint operations and joint ventures (joint control of an entity). A joint operator recognizes its share of the assets, liabilities, revenues and expenses in accordance with applicable IFRSs, while a joint venture accounts 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, as endorsed by the EU, is effective for annual periods beginning after 1 January 2014 and is available for early adoption.

We have yet to assess IFRS 11's full impact and intend to adopt IFRS 11 no later than the accounting period beginning on 1 January 2014.

IFRS 12, Disclosure of interests in other entities—IFRS 12 as issued and amended, 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. The

standard, as endorsed by the EU, is effective for annual periods beginning after 1 January 2014 and is available for early adoption.

The impact of the adoption of this standard is not expected to have a material effect on the presentation of our consolidated financial statements. We intend to adopt IFRS 12 no later than the accounting period beginning on 1 January 2014.

Business Combination and Goodwill

Business Combination—Assets acquired and liabilities and contingent liabilities assumed on a business combination are recognized at fair value on 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.

Investments in Associates and Joint Ventures

Investments in entities over which we have the right to exercise significant influence but not control are classified as associates. Arrangements under which we have contractually agreed to share control with another party or parties are joint ventures, which may be incorporated (jointly controlled entities) or unincorporated (jointly controlled assets).

Interests in associates and jointly controlled entities are accounted for using the equity method, under which the investment is initially recognized at cost and subsequently adjusted for our share of income less dividends received and our share of other comprehensive income and other movements in equity, together with any loans of a long-term investment nature. Interests in jointly controlled assets are recognized by including our share of assets, liabilities, income and expenses on a line-by-line basis. Where necessary, adjustments are made to the financial statements of associates and joint ventures to bring the accounting policies used into line with those of the group. Unrealized gains and losses on other transactions between the Group and its associates and joint ventures are eliminated to the extent of our interest in them.

We determine at each reporting date whether there is any objective evidence that the investment in the associate or the joint venture is impaired. If this is the case, we calculate the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognize the amount adjacent to Share of profit/(loss) of associates and joint ventures in the Consolidated Statement of Income.

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”) and then translated to the U.S. dollar reporting currency through Other comprehensive income. 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 Statement of Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Income within Finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Income 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. With respect to licensing contracts, we recognize revenue in accordance with agreed upon terms, when performance obligations are satisfied, the amount is fixed or determinable and collectability is reasonably assured.

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 units are aggregated into a single operating segment since these operating units 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 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 of stock options 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 awards are recognized as a liability and re-measured at each balance sheet date through the Consolidated Statement of Income.

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 the 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 on a straight-line basis over the period of expected useful life from the date that services can be offered. 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 related asset. 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 expense is 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 accumulated amortization. Amortization is calculated using the straight line method over the expected life of the customer 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 commensurate 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 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 Consolidated Statement of Income.

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 have been impaired 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 Statement of Income 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 debt.

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 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 expense on outstanding borrowings are accrued and recorded each period in the Consolidated Statement of Income.

Income Taxes

The income tax expense for the period comprises current and deferred tax. Income tax is recognized in the Consolidated Statement of Income, 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 which 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 represent 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 and are reflected 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 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 11 and 25), the determination of fair value and the value of cash-generating units for use in goodwill impairment testing (see Note 13), the depreciation rates for property, plant and equipment (see Note 14), 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 26) and the more likely than not assessment required to determine if a provision should be recognized and measured (see Note 28 and 29).

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 these estimates. Management estimates and judgments are 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

Inventory—LyondellBasell N.V. values inventory using FIFO method of accounting. The price of crude oil and natural gas is subject to many factors, including changes in economic conditions. The fluctuation in the price of crude oil and natural gas from period to period may result in the recognition of charges to adjust the value of inventory to the lower of cost or market in periods of falling prices and the reversal of those charges in subsequent periods as market prices recover. Accordingly, our cost of sales and results of operations may be affected by such fluctuations

Property, plant and equipment and intangible assets —With respect to property, plant and equipment and intangible assets, key assumptions included the estimates of the asset fair values and useful lives at the Acquisition Date and the recoverability of carrying values of fixed assets and other intangible assets, as well as the existence of any obligations associated with the retirement of fixed assets. Such estimates could be significantly modified and/or the carrying values of the assets could be impaired by such factors as new technological developments, new chemical industry entrants with significant raw material or other cost advantages, uncertainties associated with the European, U.S. and other world economies, the cyclical nature of the chemical and refining industries, and uncertainties associated with regulatory governmental actions.

Goodwill—Goodwill represents the tax effect of the differences between the tax and book bases of the Company's assets and liabilities resulting from the Company's revaluation of those assets and liabilities to fair value in connection with the Company's acquisition of LyondellBasell Subholdings B.V. and LyondellBasell Finance Company LLC. on 30 April 2010. LyondellBasell N.V. evaluates the recoverability of the carrying value of

goodwill annually or more frequently if events or changes in circumstances indicate that the carrying amount of the goodwill of a group of cash generating units may not be fully recoverable.

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 reliably measure the expenditure during development

Significant judgments are required to determine the status of the projects and whether or not the relevant development should be capitalized. A determination is made as to 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.

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

The current benefit service costs, as well as the existing liabilities, for pensions and other postretirement benefits are measured on a discounted present value basis. The discount rate is a current rate, related to the rate at which the liabilities could be settled. LyondellBasell N.V.'s assumed discount rate is based on yield information for high-quality corporate bonds.

The benefit obligation and the periodic cost of other postretirement medical benefits also are measured based on assumed rates of future increase in the per capita cost of covered health care benefits.

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

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

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

4 Financial Risk Management

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 risk management policies. Designation of the derivatives as fair-value or cash-flow hedges is performed on a specific exposure basis. Hedge accounting may or may not be elected with respect to certain short-term exposures. The changes in fair value of these hedging instruments are offset in part or in whole by corresponding changes in the fair value or cash flows of the underlying exposures being hedged.

Commodity 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. Hedge accounting has not been elected for any of our commodity contracts in any of the periods presented. 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 2012		
Millions of dollars	Gain (Loss) Recognized in Income	Volumes Settled	Volume Unit
Futures:			
Gasoline	$ (6)	514	million gallons
Heating oil	9	650	million gallons
Butane	(6)	123	million gallons
Crude oil	(19)	557	million gallons
	$ (22)		
	Year Ended 31 December 2011		
	Gain (Loss) Recognized in Income	Volumes Settled	Volume Unit
Futures:			
Gasoline	$ 20	546	million gallons
Heating oil	3	609	million gallons
Butane	(3)	23	million gallons
Crude oil	(6)	197	million gallons
	$ 14		

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

	Open Commodity Contracts				
	31 December 2012				
		Notional Amounts			
Millions of U.S. dollars	Fair Value	Value	Volumes	Volume Unit	Maturity Dates
Futures:					
Gasoline	$ (7)	$ 56	20	million gallons	January 2013 - February 2013
Heating oil	- -	38	13	million gallons	January 2013
Butane	5	25	14	million gallons	January 2013 - February 2013
Crude oil	1	110	47	million gallons	February 2013 - March 2013
	$ (1)	$ 229			

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

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 18% to 31%, which represent 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 entities may be liquidated or sold. 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 non-U.S. operations into our reporting currency.

Some of our operations enter into transactions denominated in other than their functional currency. This results in exposure to foreign currency risk for financial instruments, including, but not limited to third party and intercompany receivables and payables and intercompany loans. We maintain risk management control systems intended to monitor foreign currency risk attributable to inter-company and third party outstanding foreign currency balances. The control systems involve the centralization of foreign currency exposure management, offsetting exposures and estimating the expected impacts of changes in foreign currency rates on our earnings. We enter into foreign currency forward contracts to reduce the effects of our net currency exchange exposures. At 31 December 2012, foreign currency forward contracts in the notional amount of $964 million, maturing in January 2013 through March 2013, were outstanding. The fair values, based on quoted market exchange rates, resulted in a net receivable of $8 million at 31 December 2012 and a net payable of $12 million at 31 December 2011.

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, which are reported in the Consolidated Statement of Income, are offset in part by the currency exchange results recognized on the assets and liabilities.

Since 30 June 2010, our policy is 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 routinely. 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.

Other losses, net, and Finance costs in the Consolidated Statement of Income reflected a net loss of $25 million and $17 million for the periods ended 31 December 2012 and 2011, respectively, related to changes in currency exchange rates.

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 Senior Revolving Credit Facility, our $1,000 million U.S. Receivables Securitization Facility and our €450 million European Receivables Securitization Facility. At 31 December 2012 and 2011, 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.

Capital Risk Management

Capital includes equity attributable to the equity holders of the parent. A discussion of credit risk can be found in Note 17.

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 issue new debt, repay debt, return capital to shareholders or issue new shares.

Liquidity and Capital Resources—As of 31 December 2012, we had unrestricted cash and cash equivalents of $2,732 million ($1,065 million in 2011). In addition, we had total unused availability under our credit facilities of $3,348 million at 31 December 2012 ($2,183 million in 2011).

We may repay or redeem our debt, including purchases of our outstanding bonds in the open market, using cash on hand, cash from operating activities or proceeds from asset divestitures. We plan to finance our ongoing working capital, capital expenditures, debt service and other funding requirements with cash from operations, which could be affected by general economic, financial, competitive, legislative, regulatory, business and other factors, many of which are beyond our control.

We intend to continue to declare and pay quarterly dividends, with the goal of increasing the dividend over time, after giving consideration to our cash balances and expected results from operations. We believe that our cash on hand, 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.

The table below provides a maturity analysis of the financial liabilities based on the remaining contractual maturities as of 31 December 2012.

Millions of U.S. Dollars	Total obligations	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
31 December 2012					
Borrowings (excluding finance lease liabilities)	$ 4,395	$ 95	$ - -	$ - -	$ 4,300
Finance lease liabilities	5	1	1	3	- -
Interest payment on total debt	2,220	243	243	729	1,005
Trade and other payables	4,255	4,255	- -	- -	- -
Commodity derivatives	7	7	- -	- -	- -
	$ 10,882	$ 4,601	$ 244	$ 732	$ 5,305

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	Level 1	Level 2	Level 3
31 December 2012				
Assets -				
Derivatives:				
Commodities	$ 6	$ 1	$ 5	$ - -
Embedded derivatives	5	- -	5	- -
Foreign currency	8	- -	8	- -
	$ 19	$ 1	$ 18	$ - -
Liabilities -				
Derivatives:				
Commodities	$ 7	$ 7	$ - -	$ - -
Warrants	1	- -	1	- -
Written put option	21	- -	- -	21
	$ 29	$ 7	$ 1	$ 21
31 December 2011				
Assets -				
Derivatives:				
Commodities	$ 13	$ 13	$ - -	$ - -
	$ 13	$ 13	$ - -	$ - -
Liabilities -				
Derivatives:				
Commodities	$ 1	$ - -	$ 1	$ - -
Warrants	19	- -	19	- -
Written put option	21	- -	- -	21
Foreign currency	12	- -	12	- -
	$ 53	$ - -	$ 32	$ 21

Fair value measurements are classified using the following hierarchy:

Level 1 – Quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs or significant value-drivers are observable in active markets.

Level 3 – Model-derived valuations in which one or more significant inputs or significant value-drivers are unobservable. A detailed description of the valuation techniques used for the above valued level 3 put option can be found in Note 18. There was no change in the value of the put option between 2012 and 2011.

5 Revenue

Millions of U.S. Dollars	2012	2011
Sale of goods	$ 45,229	$ 50,707
Rendering of services	258	238
License income	108	90
Total revenue	$ 45,595	$ 51,035

Reference is made to Note 32 Segment Reporting for more information about revenues.

6 Expenses by Nature

Millions of U.S. Dollars	Note	2012	2011
Change in inventories of finished goods and work in progress		$ (449)	$ 738
Raw materials and utilities		35,925	39,789
Employee benefit expense	7	2,221	2,392
Depreciation, amortization, and impairment charges	13/14	1,038	986
Distribution expenses		1,254	1,167
Other expenses		1,288	1,589
Total cost of sales, selling costs, and administration expenses		$ 41,277	$ 46,661

7 Employee Benefit Expenses

Millions of U.S. Dollars	Note	2012	2011
Wages and salaries		$ 1,631	$ 1,685
Social security		291	263
Share based compensation granted to directors and employees	8	39	31
Special dividend payments (a)	8	15	17
Pension costs – defined benefit obligations	26	50	87
Pension costs – defined contribution obligations		50	41
Other post-employment benefits – defined benefit obligations	26	19	24
Other employee benefits (b)		126	244
Total cost of employee benefits		$ 2,221	$ 2,392

(a) Special dividend payments of $2.75 per share and $4.50 per share for 2012 and 2011, respectively.

(b) Includes restructuring expense of $37 million and $197 million in 2012 and 2011, respectively.

8 Share-Based Compensation Granted to Directors and Employees

Employee Stock Purchase Plan

The Company offers an Employee Stock Purchase Plan (“ESPP”) which enables certain employees to purchase ordinary shares of LyondellBasell Industries N.V. at a discount of 5% to the market prices on specified purchase dates under ESPP.

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 awards for 2012, 2011 and 2010 provide payouts based on our return on assets and cost improvements over a three-calendar year performance period. Subject to customary accelerated vesting or forfeiture in the event of certain termination events, the awards will vest on the date following 31 December, of the applicable performance period, 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 applicable performance period. Awards granted under the MTI are cash based awards. Beginning in 2012, eligible employees other than executive officers may elect to receive, and executive officers automatically receive, equity-based Qualified Performance Awards ("QPA") under the Long-Term Incentive Plan ("LTI") in lieu of any MTI awards. Awards under the MTI are accounted for as a liability and classified in Other liabilities on the Consolidated Balance Sheets. We recorded compensation expense of $18 million and $15 million for the years ended 31 December 2012 and 2011, respectively, 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 LTI. Under the LTI, the Compensation Committee is authorized to grant restricted stock, restricted stock units, stock options, qualified performance awards, 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 2012, there were 9,601,927 shares remaining available for issuance.

The LTI awards resulted in compensation expense of $39 million and $30 million for the years ended 31 December 2012 and 2011, respectively.

Restricted Stock Units—Restricted stock units ("RSUs") generally entitle the recipient to be paid out an equal number of ordinary shares on the fifth anniversary of the grant date. In connection with the special dividend declared on 19 November 2012, the Compensation Committee authorized a grant of RSUs to each unvested stock option holder, which will vest ratably with the underlying options. RSUs, which are subject to customary accelerated vesting or forfeiture in the event of certain termination events, are accounted for as an equity award with compensation cost recognized ratably over the vesting period. The holders of RSUs 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 in full employment at the time of the dividend payment. See the "Dividend Distribution" section of Note 22 for the per share amount of dividend equivalent payments made during 2012 and 2011 to holders of RSUs.

The following table summarizes RSU activity for the year ended 31 December 2012 in thousands of units:

	Number of Units	Weighted Average Grant Date Fair Value (per share)
Outstanding at 1 January 2012	2,005	$ 19.13
Granted	269	51.06
Paid	(118)	20.37
Forfeited	(226)	18.97
Outstanding at 31 December 2012	1,930	$ 23.51

The weighted-average grant date fair value for RSU granted during the years ended 31 December 2012 and 2011 was $51.06 and $32.07, respectively. The total fair value of vested RSU was $2 million during the year ended 31 December 2012 and less than $1 million for the year ended 31 December 2011.

The compensation expense related to the outstanding RSU was $7 million for each of the years ended 31 December 2012 and 2011. Total dividend equivalent payments were $7 million and $9 million for 2012 and 2011, respectively. As of 31 December 2012, the unrecognized compensation cost related to RSU was $29 million, which is expected to be recognized over a weighted-average period of three years.

Stock Options—Stock options are granted with an exercise price equal to the market price of our 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 stock options to purchase 5,639,020 of our ordinary shares to our Chief Executive Officer at the acquisition of LyondellBasell Holding B.V. and LyondellBasell Finance Company. These options vest in five equal, annual installments beginning on 14 May 2010 and may be exercised for a period of seven years following the grant date of 14 May 2009. The options originally were granted with an exercise price of $17.61 per share, the fair value of the Company's ordinary shares 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 options granted on and after 4 May 2011 vest in equal increments on the first, second and third anniversary of the grant date. These options have a contractual term of ten years and are subject to customary accelerated vesting or forfeiture in the event of certain termination events. Exercise prices for those options range from $11.95 to $52.20.

The Company's Supervisory Board authorized and the Management Board declared a special dividend of $2.75 per share to all shareholders of record on 19 November 2012 and a special dividend of $4.50 per share to all shareholders of record on 15 November 2011. In connection with the special dividends, the Compensation Committee authorized a cash payment equal to the special dividend on each underlying share outstanding for vested employee stock options. The dividend equivalent payments for the vested stock options resulted in compensation expense of $7 million in 2012 and $8 million in 2011.

The LTI provides for adjustments to the terms of awards granted under the LTI in certain circumstances, including the payment by the Company of certain 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 in connection with the 2011 special dividend. The reduction in exercise price of $4.50 per share for all outstanding unvested stock options on 6 December 2011 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, which amount is being recognized prospectively over the remaining terms of those options.

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

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 2012, the per share weighted-average fair value for all options granted was $9.21. In 2011, the 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. These fair values were computed using the following range of assumptions for the years ended 31 December:

	2012	2011
Fair value assumptions:		
Dividend yield	3.00%	3.00%
Expected volatility	51.00%	50.00%
Risk-free interest rate	0.80-1.11%	0.24-1.18%
Weighted-average expected term, in years	6.0	3.4

The following table summarizes stock option activity for the year ended 31 December 2012 in thousands of shares for the non-qualified stock options:

	Shares	Weighted Average Price	Weighted-Average Remaining Term	Aggregate Intrinsic Value (millions of dollars)
Outstanding at 1 January 2012	7,977	$ 14.24	- -	$ - -
Granted	113	44.44	- -	- -
Exercised	(1,324)	15.25	- -	- -
Forfeited	(257)	15.33	- -	- -
Outstanding at 31 December 2012	6,509	$ 14.51	5.7 years	$ 167
Exercisable at 31 December 2012	2,591	$ 15.20	4.7 years	$ 109

The aggregate intrinsic value of stock options exercised during the years ended 31 December 2012 and 2011 was $39 million and $11 million, respectively.

Total stock option expense was $22 million and $17 million for the years ended 31 December 2012 and 2011, respectively. As of 31 December 2012, the unrecognized compensation cost related to non-qualified stock options was $12 million, which is expected to be recognized over a weighted-average period of two years.

Restricted Stock—On 1 May 2010, we issued restricted shares. The terms of the restricted stock award provide that the holder is entitled to receive dividends when and if paid on the Company's ordinary shares and that the holder has full voting rights during the restricted period. The holder may not sell or transfer the restricted shares until the restrictions lapse on 14 May 2014 or such earlier date as provided in the award agreement. The award agreement provides for earlier vesting in the event that any 10% holder of our ordinary shares sells any of their shares. Pursuant to this provision, the restrictions on an aggregate of 725,099 automatically lapsed due to the sale of a portion of LyondellBasell N.V. stock by the affiliates of Apollo Management Holdings L.P. to unaffiliated third parties. Additionally, pursuant to the terms of the award agreement, an aggregate of 264,297 of the vested shares were withheld in payment of withholding tax obligations.

The following table summarizes restricted stock activity for the year ended 31 December 2012 in thousands of shares:

	Number of Shares	Weighted-Average Grant Date Fair Value
Outstanding at 1 January 2012	1,772	$ 17.61
Granted	- -	- -
Paid	(725)	17.61
Forfeited	- -	- -
Outstanding at 31 December 2012	1,047	$ 17.61

No restricted stock was granted during the years ended 31 December 2012 and 2011. The total fair value of restricted stock vested during the year ended 31 December 2012 was $13 million.

The total restricted stock shares expense was $10 million for the year ended 31 December 2012 and $6 million for the year ended 31 December 2011. As of 31 December 2012, the unrecognized compensation cost related to restricted stock shares was $5 million, which is expected to be recognized over a weighted-average period of two years.

Qualified Performance Awards—The QPA was established during the first quarter of 2012. The QPA is designed to link the interests of senior management with the interests of shareholders by tying incentives to measurable corporate and individual performance. Under QPA, which are a form of equity-based compensation, a number of target units are established at the beginning of a three-calendar year performance period. Each unit is equivalent to one share of LyondellBasell N.V. common stock. The final number of LyondellBasell N.V. shares payable is determined at the end of a three-calendar year performance period by the Compensation Committee of the Supervisory Board. Since the service-inception date precedes the grant date, the Company estimates the number of target units each reporting period, accounts for this award as a liability award until the grant date and accrues compensation expense during the three-calendar year performance period on a straight-line basis. The QPA is subject to customary accelerated vesting and forfeiture in the event of certain termination events. The QPA is classified in Other liabilities on the Consolidated Statement of Financial Position. We recorded compensation expense of $3 million for the year ended 31 December 2012.

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.

Thousands U.S. Dollars	Base Salary	Stock Awards (2)	Stock Option Awards (3)	Non-equity Incentive Plan Compensation	Change in Pension Value	All Other Compensation (4)	Total (1) (5)
Director							
2012	$ 1,500	$ - -	$ 7,797	$ 5,700	$ 13	$ 6,233	$ 21,243
2011	1,500	- -	11,064	3,000	13	7,909	23,486

(1) Information is based on a full year compensation. Total expense recognized in the consolidated financial statements was $36.3 million and $28.1 million in 2012 and 2011, respectively.

(2) The Director was not granted any stock options in 2012.

(3) The Director was granted restricted stock units in 2012 in connection with the Company's payment of a special dividend of $2.75 in December 2012. The RSU grant was meant to compensate the Director for the fact that the exercise price of his unvested stock options was not adjusted in connection with the dividend.

(4) Includes a Company matching contribution under the 401(k) plan of $15 thousand ($14.7 thousand in 2011). Also includes a dividend equivalent payment of $6,203 thousand ($7,895 thousand in 2011) on the Director's vested stock options and $15 thousand for financial planning.

(5) The dividends paid on the other equity awards held by the Director are not included in the Table above. These amounts include an aggregate of $5,997 thousand in dividend and dividend equivalents, the payments of which were provided for in the initial grants of those awards.

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 currently 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 2012, our shareholders approved compensation for our directors as set out in the table below.

Annual retainer:	
Cash	$ 90,000 ($120,000 for Chairman of the Board)
Restricted stock units	Valued at $135,000 ($160,000 for Chairman of the Board)
Committee retainer:	
Members	$ 10,000 ($12,000 for Audit Committee)
Chairmen	$ 15,000 ($20,000 for Audit Chair)
Travel fees	$ 5,000 for each intercontinental round trip

LyondellBasell Industries N.V.

Actual amounts earned by or paid to Supervisory Directors in 2012 and 2011 are in the following table below:

Thousands of U.S. Dollars	2012 Fees Earned or Paid in Cash Cash (1)	2012 Stock Awards (2) (3)	2012 All Other Compen-sation (4) (5)	2012 Total	2011 Fees Earned or Paid in Cash Cash (1)	2011 Stock Awards (2) (3)	2011 All Other Compen-sation (4) (5)	2011 Total
Marvin O. Schlanger, *Chairman of the Board*	$ 151	$ 160	$ 24	$ 335	$ 156	$ 150	$ 75	$ 381
Jacques Aigrain	115	135	27	277	86	120	20	226
Jagjeet Bindra	130	135	27	292	106	120	15	241
Robin Buchanan	94	135	20	249	72	120	15	207
Milton Carroll	135	135	27	297	143	120	17	280
Stephen F. Cooper	115	135	20	270	127	120	44	291
Robert G. Gwin	134	135	17	286	95	120	15	230
Joshua J. Harris (6)	97	135	50	282	112	120	44	276
Scott Kleinman (6)	110	135	50	295	158	120	44	322
Bruce A. Smith	134	135	50	319	162	120	44	326
Rudy M. J. van der Meer	114	135	25	274	120	120	15	255
Jeffrey A. Serota (7)	- -	- -	- -	- -	48	- -	2	50

2012

(1) Includes retainers and travel fees earned or paid through 31 December 2012.

(2) Includes 3,367 restricted stock units for all directors, other than Mr. Schlanger, who received 3,990 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

(3) The aggregate number of stock awards outstanding at fiscal year end for each director was 3,367 restricted stock units each for Messrs. Buchanan, Cooper and Gwin; 3,990 restricted stock units for Mr. Schlanger; 6,248 restricted stock units each for Messrs. Aigrain, Bindra, Carroll, and van der Meer; and 11,789 restricted stock units each for Messrs. Harris, Kleinman and Smith. The directors have not received any option awards.

(4) Includes $1.8 thousand of imputed income for preparation of tax filings for all directors, other than Mr. van der Meer, who received none and Mr. Buchanan who had imputed income for tax services of $5.3 thousand.

(5) Includes dividend equivalent payments in 2012 on outstanding restricted stock units held by the directors of $25 thousand for Messrs. Aigrain, Bindra, Carroll and van der Meer; $15 thousand for Messrs. Buchanan and Gwin; $19 thousand for Mr. Cooper; $49 thousand for Messrs. Harris, Kleinman and Smith; and $23 thousand for Mr. Schlanger. 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.

(6) Mr. Harris resigned from the Supervisory Board effective 19 March 2013 pursuant to the terms of the Nomination Agreement between Apollo Managements' affiliate and the Company as a result of Apollo's interest in the Company's shares falling below 18%. 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 Finance Costs

Millions of U.S. Dollars	Note	2012	2011
Interest expense on borrowings		$ 358	$ 602
Prepayment premiums and extinguishment losses	24	329	443
Provisions for unwinding of discount	28	3	4
Foreign exchange (gain) loss from borrowings and cash		(50)	19
Total finance costs		$ 640	$ 1,068

11 Income Tax Expense

Millions of U.S. Dollars	Note	2012	2011
Current tax on profits for the year		$ 611	$ 620
Deferred tax - origination and reversal of temporary difference	25	587	570
Income tax expense		$ 1,198	$ 1,190

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	2012	2011
Profit before tax	$ 3,794	$ 3,559
Tax calculated at domestic tax rates applicable to profits in the respective countries	1,376	1,171
Tax effects of:		
Non-taxable income and non-deductible expenses	(67)	(29)
Notional royalties	(21)	(23)
Tax losses for which no deferred income tax asset was recognized	(62)	37
U.S. manufacturing deduction	(42)	(30)
Uncertain tax positions	21	4
Warrants and stock compensation	3	9
Other	(10)	51
Tax charge	$ 1,198	$ 1,190

The weighted average applicable tax rate in 2012 and 2011 were 31.6% and 33.4%, 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	**2012**	**2011**
Retirement benefit obligation	$ (41)	$ (137)
Currency translation differences	1	1
	$ (40)	$ (136)

Deferred tax credited directly to equity:

Millions of U.S. Dollars	**Note**	**2012**	**2011**
Current tax		$ - -	$ (2)
Deferred tax:			
Share base payments	30	(88)	(7)
		$ (88)	$ (9)

12 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	**2012**	**2011**
Profit attributable to LyondellBasell N.V.	$ 2,610	$ 2,376
Profit attributable to participating securities	(1)	(13)
Profit attributable to equity holders of the Company	$ 2,609	$ 2,363
Basic weighted average common stock outstanding	573	568
Basic earnings per share	$ 4.55	$ 4.16

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.

Millions of U.S. Dollars, except per share data	2012	2011
Profit attributable to LyondellBasell N.V.	$ 2,610	$ 2,376
Profit attributable to participating securities	(1)	(13)
Profit attributable to equity holders of the Company	2,609	2,363
Basic weighted average common stock outstanding	573	568
Effect of dilutive securities:		
MTI awards	1	1
Stock options	3	3
Dilutive potential shares	577	572
Diluted earnings per share	$ 4.51	$ 4.13
Anti-dilutive stock options and warrants	--	1
Participating securities	3	4
Interim dividend per share of common stock	$ 1.45	$ 0.45
Special dividend per share of common stock	$ 2.75	$ 4.50

13 Intangible Assets

Millions of U.S. Dollars	Research and Development	Goodwill	Emission Allowances	Favorable Contracts and Other Intangibles	Total
Balance at 1 January 2011	$ 134	$ 335	$ 687	$ 548	$ 1,704
Additions	14	- -	- -	10	24
Amortization	(12)	- -	(82)	(80)	(174)
Impairment	(17)	- -	- -	- -	(17)
Exchange differences	1	(3)	- -	- -	(2)
At 31 December 2011	$ 120	$ 332	$ 605	$ 478	$ 1,535
At 31 December 2011					
Cost	$ 139	$ 332	$ 733	$ 669	$ 1,873
Accumulated amortization and impairment	(19)	- -	(128)	(191)	(338)
Closing balance	$ 120	$ 332	$ 605	$ 478	$ 1,535
Balance at 1 January 2012	$ 120	$ 332	$ 605	$ 478	$ 1,535
Additions	8	- -	- -	6	14
Amortization	(11)	- -	(70)	(69)	(150)
Exchange differences	2	1	- -	- -	3
At 31 December 2012	$ 119	$ 333	$ 535	$ 415	$ 1,402
At 31 December 2012					
Cost	$ 149	$ 333	$ 730	$ 675	$ 1,887
Accumulated amortization and impairment	(30)	- -	(195)	(260)	(485)
Closing balance	$ 119	$ 333	$ 535	$ 415	$ 1,402

Research and development–The carrying amounts of research and development with indefinite useful lives at 31 December 2012 and 2011 were $23 million and $29 million, respectively. Projects determined to be in a development stage are not amortized. Amortization expense would normally be recorded as part of Cost of sales. Research and development expenditures recognized as expense for the year ended 31 December 2012 and for the period ended 31 December 2011 were $151 million and $141 million, respectively.

Goodwill–Goodwill changed from $332 million at 31 December 2011 to $333 million at 31 December 2012. The change in goodwill is the result of foreign exchange translation.

The allocation of the goodwill at 31 December is presented in the table below:

Millions of U.S. Dollars	**2012**	**2011**
Intermediates and Derivatives	$ 193	$ 192
Olefins and Polyolefins - Americas	131	131
Technology	9	9
Total	$ 333	$ 332

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on management approved financial budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates described in the "Growth rate estimates" section below. 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 weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the nature of the Company's assets and activities. The average nominal pre-tax discount rate applied was 15% and 16% in 2012 and 2011, respectively.

Market share assumptions—These assumptions are based on forecasts of demand for our products taking into consideration changes 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 2% and 3% in 2012 and 2011, respectively.

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.

14 Property, Plant and Equipment

Millions of U.S. Dollars	Land	Building and Equipment	Assets Under Construction	PO Assets	Other	Total
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
Balance at 1 January 2012	$ 307	$ 6,251	$ 785	$ 412	$ 12	$ 7,767
Additions	- -	- -	1,163	- -	- -	1,163
Transfers	- -	938	(948)	13	(3)	- -
Disposals	- -	(5)	- -	- -	- -	(5)
Depreciation	- -	(794)	- -	(30)	(5)	(829)
Impairment	- -	(57)	(21)	- -	- -	(78)
Exchange differences	3	60	6	2	- -	71
At 31 December 2012	$ 310	$ 6,393	$ 985	$ 397	$ 4	$ 8,089
At 31 December 2012						
Cost	310	8,385	1,037	472	15	10,219
Accumulated amortization and impairment	- -	(1,992)	(52)	(75)	(11)	(2,130)
Closing balance	$ 310	$ 6,393	$ 985	$ 397	$ 4	$ 8,089

In 2012, the announcement of closure by two primary feedstock providers to one of our Australian Polypropylene facilities will likely have a material impact on the production volumes of the cash generating unit. As a result, we evaluated the recoverability of the long-lived asset value and concluded that that value was impaired. A discounted cash flow methodology was used to write down the assets to their value-in-use which gave rise to an impairment charge, reflected in cost of goods sold in the consolidated statement of income, of $36 million. The Australian Polypropylene cash generating unit resides in our Olefins and Polyolefins, Europe, Asia and International segment.

We recognized impairment charges of $22 million, primarily related to damage to our LDPE plant in Wesseling, Germany resulting from an explosion in a reactor bay in 2012.

Depreciation expenses and impairment charges are recognized in Cost of sales, Selling cost and Administrative expenses as indicated in the following table:

Millions of U.S. Dollars	2012	2011
Cost of sales	$ 1,018	$ 763
Selling costs	1	1
Administrative expenses	19	21
Total	$ 1,038	$ 785

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 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 2012 and 2011. 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 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") 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 Statement of Cash Flows.

15 Investments in Associates and Joint Ventures

	31 December	
Millions of U.S. Dollars	2012	2011
Opening balance	$ 1,605	$ 1,552
Share in profit of associates and joint ventures, net of tax	143	216
Dividends received	(147)	(121)
Currency exchange differences	11	(22)
Other	13	(20)
Closing Balance	$ 1,625	$ 1,605

None of the associates and joint ventures is listed on a stock exchange.

Summarized balance sheet information of associates and joint ventures were as follows:

Millions of U.S. Dollars	31 December 2012	31 December 2011
Current assets	$ 3,923	$ 3,969
Noncurrent assets	6,341	6,546
Total assets	10,264	10,515
Current liabilities	2,973	2,760
Noncurrent liabilities	2,205	2,583
Net assets	$ 5,086	$ 5,172

16 Financial Assets and Liabilities by Category

Millions of U.S. Dollars	2012 Loans and Receivables	2012 Assets Held at Fair Value	2012 Total	2011 Loans and Receivables	2011 Assets Held at Fair Value	2011 Total
Financial assets at 31 December						
Trade and other receivables, excluding prepayments	$ 4,601	$ 36	$ 4,637	$ 4,410	$ 31	$ 4,441
Cash and cash equivalents	2,732	- -	2,732	1,065	- -	1,065
Total	$ 7,333	$ 36	$ 7,369	$ 5,475	$ 31	$ 5,506

Millions of U.S. Dollars	2012 Liabilities at Fair Value through Profit and Loss	2012 Other Financial Liabilities at Amortized Costs	2012 Total	2011 Liabilities at Fair Value through Profit and Loss	2011 Other Financial Liabilities at Amortized Costs	2011 Total
Financial liabilities at 31 December						
Borrowings	$ 13	$ 4,334	$ 4,347	$ 15	$ 3,982	$ 3,997
Derivative financial instruments	29	- -	29	53	- -	53
Trade and other payables	- -	4,255	4,255	- -	4,459	4,459
Total	$ 42	$ 8,589	$ 8,631	$ 68	$ 8,441	$ 8,509

17 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 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 continued to manage our customer credit risk very closely 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 breadth and scale, we do not have a significant concentration of customer risk. Our largest counterparty risk amounted to $182 million and $116 million at 31 December 2012 and 2011, respectively.

18 Derivative Financial Instruments

	31 December	
Millions of U.S. Dollars	**2012**	**2011**
Derivative assets not designated as hedges:		
Commodities	$ 6	$ 13
Embedded derivatives	5	- -
Foreign currency	8	- -
Total	$ 19	$ 13
Derivative liabilities not designated as hedges:		
Commodities	$ 7	$ 1
Warrants	1	19
Written put option	21	21
Foreign currency	- -	12
Total	$ 29	$ 53

Written put option—The subsidiary that holds the Company's equity interest in a certain 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. 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—We had warrants outstanding to purchase 20,508 ordinary shares as of 31 December 2012 and 1,000,223 ordinary shares as of 31 December 2011 at exercise prices of $13.06 and $13.77 per share, respectively. The exercise price was adjusted on 19 November 2012 as a result of the payment of our special dividend on 11 December 2012. The fair values of the warrants were determined to be $1 million and $19 million at 31 December 2012 and 2011, respectively.

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

19 Inventories

Millions of U.S. Dollars	31 December 2012	31 December 2011
Finished goods	$ 2,900	$ 3,333
Parts and materials	444	415
Raw materials and supplies	1,561	1,906
Total inventories	$ 4,905	$ 5,654

Cost of inventories of $40,377 million and $45,744 million in 2012 and 2011, respectively, has been recognized as expense and included in Cost of sales.

20 Trade and Other Receivables

Millions of U.S. Dollars	31 December 2012	31 December 2011
Trade receivables	$ 3,748	$ 3,598
Trade receivables on related parties	184	197
Less: provision for impairment of trade receivables	(28)	(16)
Trade receivables, net	3,904	3,779
Social security and other taxes	219	387
Prepaid expenses	134	204
Other	514	275
Total	4,771	4,645
Less: non-current portion	(425)	(116)
Current portion	$ 4,346	$ 4,529

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. We have receivables outstanding of €257 million ($339 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 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 resides in noncurrent Trade and other receivables in the Consolidated Statement of Financial Position as of 31 December 2012. We expect to collect all amounts owed to us.

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 Statement of Income.

The ageing of the gross trade receivables not impaired at 31 December were as follows:

Millions of U.S. Dollars	2012	2011
Amounts undue	$ 3,692	$ 3,568
Past due 0-90 days	197	179
Past due 91-180 days	15	32
	$ 3,904	$ 3,779

The ageing of the gross trade receivables partly impaired at 31 December were as follows:

	2012		2011	
Millions of U.S. Dollars	Gross	Provision	Gross	Provision
Amounts undue	$ - -	$ - -	$ - -	$ - -
Past due 0-90 days	- -	- -	- -	- -
Past due 91-180 days	28	28	16	16
	$ 28	$ 28	$ 16	$ 16

At 31 December 2012 and 2011, trade receivables of an initial value of $28 million and $16 million, respectively, were impaired and fully provided for. The movement in the provision for doubtful accounts is as follows:

Millions of U.S. Dollars	2012	2011
Balance, 1 January	$ 16	$ 12
Additions	12	4
Balance, 31 December	$ 28	$ 16

Trade receivables secured by letters of credit were $173 million and $158 million at 31 December 2012 and 2011, respectively. The carrying amounts of trade and other receivables are denominated in the following currencies at 31 December:

Millions of U.S. Dollars	2012	2011
USD	$ 2,292	$ 2,197
EUR	2,107	1,993
Other	372	455
	$ 4,771	$ 4,645

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

21 Cash and Cash Equivalents

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

Millions of U.S. Dollars	2012	2011
Cash at bank and on hand	$ 1,619	$ 181
Short-term deposits	1,113	884
	$ 2,732	$ 1,065

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.

22 Equity Attributable to the 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.

Dividend distribution—We declared and paid the following dividends for the periods ended 31 December:

Millions of U.S. Dollars	Dividend Per Ordinary Share	Aggregate Dividends Paid	Date of Record
For the year 2012:			
March	$ 0.25	$ 143	12 March 2012
June	0.40	230	21 May 2012
September	0.40	230	4 September 2012
December	0.40	230	19 November 2012
December	2.75	1,582	19 November 2012
	$ 4.20	$ 2,415	
For the year 2011:			
May	$ 0.10	$ 57	5 May 2011
September	0.20	114	17 August 2011
December	0.25	142	25 November 2011
December	4.50	2,580	25 November 2011
	$ 5.05	$ 2,893	

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.

The changes in the outstanding number of Ordinary shares and treasury shares for the period were as follows:

	31 December	
	2012	2011
Ordinary shares:		
Balance at the beginning of the period	577,441,527	566,798,873
Share-based compensation	1,140,439	534,876
Warrants exercised	685,756	7,179,416
Change in shares held as Treasury shares	(844,980)	2,928,362
Balance at the end of the period	578,422,742	577,441,527
Ordinary shares held as treasury shares:		
Balance at the beginning of the period	4,051,013	1,122,651
Shares tendered to exercise warrants	293,888	3,462,693
Share-based compensation	(1,138,868)	(534,331)
Balance at the end of the period	3,206,033	4,051,013

23 Non-Controlling Interest

Non-controlling interests primarily represent the interest of unaffiliated investors in our PO/SM II plant at the Channelview, Texas complex and in our investment in Al-Waha Petrochemicals Ltd., Saudi Arabia.

24 Borrowings

The carrying amounts of the borrowings and the fair value of the non-current borrowings as of 31 December are as follows:

	2012		2011	
Millions of U.S. Dollars	Carrying Value	Fair Value	Carrying Value	Fair Value
Non-current:				
Senior Notes due 2017, $2,250 million, 8.0%	$ - -	$ - -	$ 607	$ 672
Senior Notes due 2017, €375 million, 8.0%	- -	- -	132	143
Senior Notes due 2018, $3,240 million, 11.0%	- -	- -	1,918	2,066
Senior Notes due 2019, $2,000 million, 5.0%	1,975	2,191	- -	- -
Senior Notes due 2012, $1,000 million, 6.0%	985	1,176	983	1,035
Senior Notes due 2024, $1,000 million, 5.75%	987	1,169	- -	- -
Guaranteed Notes due 2027, $300 million, 8.1%	300	399	300	327
Other	4	- -	5	4
Total	$ 4,251	$ 4,935	$ 3,945	$ 4,247
Current:				
Other	$ 96	$ 95	$ 52	$ 52
Total borrowings	$ 4,347	$ 5,030	$ 3,997	$ 4,299

The fair values of the senior notes 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:

	31 December	
Millions of U.S. Dollars	**2012**	**2011**
USD	$ 4,336	$ 3,847
EUR	9	142
Other	2	8
	$ 4,347	$ 3,997

Aggregate maturities of debt during the next five years are $96 million in 2013, $1 million in each of the years 2014 through 2017, and $4,300 million thereafter.

Long-Term Debt

8% and 11% Senior Notes—In 2012, we fully repaid our 8% and 11% senior notes in a series of payments totaling $2,676 million, including $755 million for our 8% senior notes and $1,921 million for our 11% senior notes. In connection with these repayments, we paid premiums totaling $294 million and charged $18 million of previously capitalized debt issuance costs to interest expense. As a result of these repayments, the subsidiary guarantees of all of our senior debt, including the 5%, 5.75% and 6% senior notes discussed below were released on 15 June 2012.

5% and 5.75% Senior Notes—In April 2012, we issued $2,000 million aggregate principal amount of 5% senior notes due 2019 and $1,000 million aggregate principal amount of 5.75% senior notes due 2024, each at an issue price of 100%. When issued, the 5% and 5.75% senior notes were guaranteed on a senior basis by generally all of our U.S. subsidiaries. The subsidiary guarantees were released on 15 June 2012 as a result of the repayment of our 8% and 11% senior notes described above.

6% Senior Notes—In November 2011, we issued $1.0 billion of 6% senior notes due 2021. 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. When issued, the 6% senior notes were guaranteed on a senior basis by generally all of our U.S. subsidiaries. The subsidiary guarantees were released on 15 June 2012 as a result of the repayment of our 8% and 11% senior notes described above.

Short-Term Debt

Senior Revolving Credit Facility—In May 2012, we entered into a five-year revolving credit facility. The facility may be used for dollar and euro denominated borrowings and includes supporting up to $700 million of dollar and euro denominated letters of credit. The balance of outstanding borrowings and letters of credit under the facility may not exceed $2,000 million at any given time. We may, from time to time, request the total commitments available under the facility be increased to an aggregate amount not to exceed $2,500 million. Borrowings under the facility bear interest at a Base Rate or LIBOR, plus an applicable margin. Additional fees are incurred for the average daily unused commitments.

The facility contains customary covenants and warranties, including specified restrictions on indebtedness, liens, and sale and leaseback transactions. In addition, we are required to maintain a specified interest coverage ratio of 3.00 to 1.00 or more and a consolidated leverage ratio of 3.50 to 1.00 or less as of the last day of each fiscal quarter. We are in compliance with these covenants as of 31 December 2012.

Obligations under the facility were guaranteed by our U.S. subsidiaries until those guarantees were released in June 2012 as a result of the repayment of our 8% and 11% senior notes, described above.

At 31 December 2012, availability under this facility was $1,949 million. There were no borrowings outstanding under the facility and outstanding letters of credit totaled $48 million.

ABL Credit Facility—In connection with the execution of our revolving credit facility in May 2012, we terminated our U.S. asset-based revolving credit facility. All amounts owed by the borrowers under this facility have been repaid and all commitments have been terminated. In connection with the termination of this facility, $53 million of unamortized debt issuance costs were charged to interest expense.

U.S. Receivables Securitization Facility—In September 2012, we entered into a three-year, $1,000 million accounts receivable securitization facility. Pursuant to the new facility, certain of our subsidiaries sell or contribute their trade receivables to a wholly-owned, bankruptcy-remote subsidiary on an ongoing basis and without recourse. The bankruptcy-remote subsidiary, which was formed solely to purchase or receive such contributions of receivables from these subsidiaries, may then, at its option and subject to a borrowing base of eligible receivables, sell undivided interests in the pool of trade receivables together with all related security and interests in the proceeds thereof to financial institutions participating in the facility. The receivables sold to the bankruptcy-remote subsidiary are reserved only to satisfy claims of its creditors and are not available to satisfy the claims of creditors of the company and its subsidiaries. In the event of a liquidation, the bankruptcy-remote subsidiary's assets will be used to satisfy the claims of its creditors prior to any assets or value in the bankruptcy-remote subsidiary becoming available to us. We are responsible for servicing the receivables. The facility also provides for the issuance of letters of credit up to $200 million. The term of the securitization facility may be extended in accordance with the provisions of the agreement.

The facility is also subject to customary warranties and covenants, including limits and reserves and the maintenance of specified financial ratios. We are required to maintain a leverage ratio at the end of every fiscal quarter of 3.50 to 1.00 or less for the period covering the most recent four quarters. Performance obligations under the facility are guaranteed by LyondellBasell Industries N.V.

At 31 December 2012, availability under this facility was $916 million. There were no borrowings or letters of credit outstanding under the facility.

25 Deferred Income Tax

The gross movement in the deferred income tax account is as follows:

Millions of U.S. Dollars	Note	31 December 2012	2011
Opening balance		$ 1,252	$ 829
Income statement charge	11	587	570
Tax charge/(credit) relating to components of other comprehensive income	11	(40)	(137)
Tax charge/(credit) directly relating to equity	11	(88)	(7)
Tax charge/(credit) relating to reclass from deferred tax liabilities		(77)	- -
Currency translation adjustment		17	(3)
Deferred tax liabilities, net		$ 1,651	$ 1,252

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
Deferred income tax assets:					
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
Balance at 1 January 2012	$ 491	$ 54	$ 619	$ 188	$ 1,352
(Charged)/credited to the income statement	10	(11)	(619)	(62)	(682)
(Charged)/credited to other comprehensive income	40	- -	- -	- -	40
(Charged)/credited to equity	- -	- -	- -	88	88
(Charged)/credited for deferred tax liabilities and current tax liabilities reclass	7	(35)	- -	15	(13)
Currency translation adjustment	3	- -	- -	2	5
Balance at 31 December 2012	$ 551	$ 8	$ - -	$ 231	$ 790

LyondellBasell Industries N.V.

Millions of U.S. Dollars	Intangible Assets	Accelerated Tax Depreciation	Inventory	Other	Total
Deferred income tax liabilities					
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
Balance at 1 January 2012	$ 413	$ 1,462	$ 682	$ 47	$ 2,604
Charged/(credited) to the income statement	(25)	51	(113)	(8)	(95)
(Charged)/credited for deferred tax assets and current tax liabilities reclass	6	(101)	(1)	16	(80)
Currency translation adjustment	1	9	1	1	12
Balance at 31 December 2012	$ 395	$ 1,421	$ 569	$ 56	$ 2,441

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 $551 million and $565 million with respect to losses amounting to $1,876 million and $2,120 million for the years ending 31 December 2012 and 2011, 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.

We previously disclosed that the IRS was examining whether LyondellBasell N.V. should be treated as a U.S. corporation for U.S. federal income tax purposes under Section 7874 of the Internal Revenue Code or whether certain other rules of that section alternatively applied. In October 2012, the Company and the IRS entered into a closing agreement concluding that Section 7874 does not apply.

26 Retirement Benefit Obligations

Millions of U.S. Dollars	Note	2012	2011
Asset in the Consolidated Statement of Financial Position:			
Defined benefit pension plans		$ - -	$ (6)
Liabilities in the Consolidated Statement of Financial Position:			
Defined benefit pension plans		$ 1,132	$ 1,115
Other post-employment benefit plans		391	365
Total liabilities		$ 1,523	$ 1,480
Income statement charge:	7		
Defined benefit pension plans		$ 50	$ 87
Other post-employment benefit plans		19	24
Total charges		$ 69	$ 111
Amounts recognized in the Consolidated Statement of Other Comprehensive Income in the period (before tax):			
Actuarial losses		$ 198	$ 380
Effect of asset limitation and minimum funding requirement		(30)	44
Total recognized in Other Comprehensive Income in the period		$ 168	$ 424
Cumulative amounts recognized in the Consolidated Statement of Other Comprehensive Income (before tax)			
Actuarial losses		$ 632	$ 439
Effect of asset limitation and minimum funding requirement		14	44
Cumulative amounts recognized in the Consolidated Statement of Other Comprehensive Income (before tax)		$ 646	$ 483

We have defined benefit pension plans which cover employees in various countries. We also sponsor postretirement benefit plans other than pensions for U.S., Canadian, and French 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.

The adoption of the amendments to IAS 19 on 1 January 2013 would have resulted in an increase in finance cost of $59 million for the year ended 31 December 2012. The elimination of the “corridor approach” will have no impact on our consolidated financial statements.

Pension benefits

The amounts recognized in the balance sheet are determined as follows:

Millions of U.S. Dollars	31 December 2012	31 December 2011
Present value of funded obligations	$ (2,873)	$ (2,776)
Fair value of plan assets	2,324	2,082
Funded plan deficit	(549)	(694)
Present value of unfunded obligations	(581)	(385)
Unrecognized past service cost	13	11
Effect of asset limitation and minimum funding requirement	(15)	(41)
Net liability	$ (1,132)	$ (1,109)

Changes in the present value of the defined benefit obligations are as follows:

Millions of U.S. Dollars	31 December 2012	31 December 2011
Opening balance	$ 3,161	$ 2,934
Current service cost	65	69
Interest cost	131	147
Plan participants' contributions	3	3
Amendments	2	15
Actuarial losses	232	218
Curtailments	(5)	(2)
Settlements	- -	(31)
Benefits paid	(164)	(158)
Exchange differences	29	(34)
Closing balance	$ 3,454	$ 3,161

Changes in the fair values of plan assets are as follows:

Millions of U.S. Dollars	31 December 2012	31 December 2011
Opening balance	$ 2,082	$ 1,760
Expected return on plan assets	146	140
Actuarial gains/(losses)	67	(141)
Employer contributions	180	526
Employee contributions	3	3
Benefits paid	(164)	(158)
Expenses paid	(5)	(2)
Settlements	- -	(31)
Exchange differences	15	(15)
Closing balance	$ 2,324	$ 2,082

The expected contributions to be paid to the plans during 2013 are $208 million.

The expected rate of return on assets was estimated based on the plans' asset allocation, a review of historical capital market performance, historical plan performance and a forecast of expected future asset returns.

The actual return on plan assets was a gain of $214 million (a loss of $1 million in 2011).

The major categories of plan assets as a percentage of total plan assets are:

	2012	2011
Common and preferred stock	50%	51%
Fixed income securities	36%	39%
U.S. government securities	7%	5%
Alternatives [(a)]	7%	5%

(a) Include investments in property, hedge funds, private equity and insurance annuity contracts.

Our pension plans have not directly 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 Statement of Income are as follows:

	31 December	
Millions of U.S. Dollars	**2012**	**2011**
Current service cost	$ 70	$ 69
Interest cost	131	147
Expected return on plan assets	(146)	(140)
Past service cost	- -	3
Curtailment (gain)/loss recognized	(5)	(1)
Settlement loss recognized	- -	9
	$ 50	$ 87

	2012	2011
Weighted-average assumptions to determine benefit obligations are as follows:		
Discount rate	3.75%	4.33%
Rate of salary increase	3.61%	3.66%
Rate of price inflation	2.61%	2.75%
Rate of pension increase	1.79%	1.76%
Weighted-average assumptions to determine net pension cost are as follows:		
Discount rate	4.33%	5.10%
Expected long-term rate of return on plan assets	7.16%	7.45%
Rate of salary increase	3.66%	3.73%
Rate of price inflation	2.75%	2.80%
Rate of pension increase	1.88%	2.01%

The history of experience gains and losses are as follows:

Millions of U.S. Dollars	2012	2011	2010
Defined benefit obligations	$ (3,454)	$ (3,161)	$ (2,934)
Fair value of plan assets	2,324	2,082	1,760
Deficit	$ (1,130)	$ (1,079)	$ (1,174)

The difference between the expected and actual return on plan assets are as follows:

	2012	2011	2010
Amount	$ (67)	$ 141	$ (39)
Percentage of plan assets	-3%	7%	-2%

The experience (gain) loss on plan liabilities are as follows:

	2012	2011	2010
Amount	$ (7)	$ 37	$ 21
Percentage of present value of plan liabilities	0%	1%	1%

Multi-employer Plan—The Company participates in a multi-employer plan Pensionskasse der BASF WaG V.VaG, which provides for benefits to the majority of our employees in Germany. The plan provides fixed, monthly retirement payments on the basis of the credits earned by the participating employees. The plan information for the Pensionskasse der BASF WaG V.VaG is not publicly available and the plan is not subject to a collective-bargaining agreement. Up to a certain salary level, the benefit obligations are covered by contributions of the Company and the employees to the plan. To the extent that the plan is underfunded, the Company's future contributions to the plan may increase and may be used to fund retirement benefits for employees related to other employers. The plan was overfunded in 2011 and 2010.

The amounts recognized in the Consolidated Statement of Income are as follows:

	31 December	
Millions of U.S. Dollars	2012	2011
Company contributions to Pensionskasse der BASF WaG V.VaG	$ 19	$ 7

The 2012 company contributions of $19 million included $11 million of future funding requirement.

Other post-employment benefits plan

The amounts recognized in the balance sheet are determined as follows:

Millions of U.S. Dollars	31 December 2012	31 December 2011
Present value of unfunded obligations	$ (390)	$ (364)
Unrecognized past service benefit	(1)	(1)
Net liability	$ (391)	$ (365)

Changes in the present value of the defined benefit obligations are as follows:

Millions of U.S. Dollars	31 December 2012	31 December 2011
Opening balance	$ 365	$ 332
Current service cost	5	5
Interest cost	14	19
Plan participants' contributions	8	9
Amendments	- -	(1)
Actuarial losses	28	30
Curtailments	(1)	- -
Benefits paid	(30)	(31)
Exchange differences	1	2
Closing balance	$ 390	$ 365

Changes in the fair values of plan assets are as follows:

Millions of U.S. Dollars	31 December 2012	31 December 2011
Opening balance	$ - -	$ - -
Employer contributions	22	21
Employee contributions	8	9
Benefits paid	(30)	(30)
Closing balance	$ - -	$ - -

The amounts recognized in the Consolidated Statement of Income are as follows:

Millions of U.S. Dollars	31 December 2012	31 December 2011
Current service cost	$ 5	$ 5
Interest cost	15	19
Curtailments	(1)	--
	$ 19	$ 24

	2012	2011
Weighted-average assumptions to determine benefit obligations are as follows:		
Discount rate	3.74%	4.05%
Rate of salary increase	3.93%	3.96%
Rate of price inflation	2.00%	2.00%
Weighted-average assumptions to determine net pension cost 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%

For 2013, the weighted average assumed annual rate of increase in the cost of covered health care benefits is 7.60%. It is assumed to decrease gradually to 4.52% in the year 2027 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 2012	$ - -	$ - -
Effects on benefit obligation as of 31 December 2011	1	(1)
Effect on total of service and interest cost components in 2013	$ - -	$ - -
Effects on benefit obligation as of 31 December 2012	- -	- -

The history of experience gains and losses are as follows:

Millions of U.S. Dollars	2012	2011	2010
Defined benefit obligation	$ (390)	$ (364)	$ (332)
Fair value of plan assets	- -	- -	- -
Deficit	$ (390)	$ (364)	$ (332)

The experience (gain) loss on plan liabilities are as follows:

	2012	2011	2010
Amount	$ 4	$ (8)	$ 4
Percentage of present value of plan liabilities	1%	-2%	1%

27 Trade and Other Payables

Millions of U.S. Dollars	Note	31 December 2012	31 December 2011
Trade payables		$ 2,431	$ 2,563
Amounts due to related parties	30	845	852
Social securities and other taxes		54	102
Accrued expenses		925	942
		$ 4,255	$ 4,459

28 Provisions for Other Liabilities and Charges

Millions of U.S. Dollars	Asset Retirement Obligation	Environmental	Restructuring	Other	Total
Balance at 1 January 2011	$ 127	$ 107	$ 79	$ 117	$ 430
Charged/(credited) to the income statement:					
Additional provisions	46	25	213	15	299
Unused amounts reversed	(5)	- -	(16)	- -	(21)
Unwinding of discount	4	- -	- -	- -	4
Used during the period	(28)	(8)	(36)	(27)	(99)
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
Balance at 1 January 2012	$ 140	$ 120	$ 237	$ 100	$ 597
Charged/(credited) to the income statement:					
Additional provisions	1	13	79	15	108
Unused amounts reversed	10	3	(42)	(51)	(80)
Unwinding of discount	3	- -	- -	- -	3
Used during the period	(30)	(12)	(101)	(23)	(166)
Exchange differences	3	2	- -	2	7
Other	- -	- -	(1)	18	17
At 31 December 2012	$ 127	$ 126	$ 172	$ 61	$ 486
Of which:					
Non-current	$ 112	$ 113	$ 107	$ 40	$ 372
Current	15	13	65	21	114
Closing balance	$ 127	$ 126	$ 172	$ 61	$ 486

Asset retirement obligations—At some locations, 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 of 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 $126 million and $120 million as of 31 December 2012 and 2011, respectively. At 31 December 2012, 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 $37 million and $197 million for the separation of employees for the periods ended 31 December 2012 and 2011, respectively. 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.

29 Contingencies and Commitments

Contingencies—Litigation and Other Matters

Access Indemnity Demand—In 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, demanding indemnity for 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 from Access, the return of all amounts earned by them related to their purchase of shares of Lyondell Chemical Company prior to its acquisition by Basell AF S.C.A.; 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.

The Access affiliates have also demanded $100 million in management fees under a 2007 management agreement between an Access affiliate and the predecessor of LyondellBasell AF, as well as other unspecified amounts relating to advice purportedly given in connection with financing and other strategic transactions. In June 2009, an Access affiliate filed a proof of claim in Bankruptcy Court against LyondellBasell AF seeking "no less than" $723 thousand for amounts allegedly owed under the 2007 management agreement. In April 2011, Lyondell Chemical filed an objection to the claim and brought a declaratory judgment action for a determination that the demands are not valid. The declaratory judgment action is stayed pending the outcome of the Weisfelner lawsuit.

We do not believe that the 2007 management agreement is in effect or that the Company or any Company-affiliated entity owes any obligations under the management agreement, including for management fees or for indemnification. We intend to defend vigorously our position in any proceedings and against any claims or demands that may be asserted.

We cannot at this time estimate the reasonably possible loss or range of loss that may be incurred in the *Weisfelner* lawsuit; therefore, we cannot estimate the loss that may be sought 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 2012, 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, at the time of Basell's formation in 2005, the Company entered into agreements with Shell and BASF whereby they agreed to indemnify Basell and its successors for a significant portion of the potential obligations that could arise with respect to costs relating to contamination at various sites. These indemnity obligations are currently in dispute. Also, the agreements involving the purchase of the Berre cracker and Berre refinery include similar indemnities from Shell to Basell and its successors. These indemnity obligations are also currently in dispute. We recognized a pretax charge of $64 million as a change in estimate in 2010 related to such disputes, which arose during that period.

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

Other—We have identified an agreement related to a 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. 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. 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. 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.

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 our 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 2012 were in the normal course of business.

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

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.

The operating lease expense for 2012 and 2011 totaled $280 million and $288 million, respectively.

The future aggregate purchase obligations and minimum lease payments under non-cancellable operating leases are as follows:

	2012	
Millions of U.S. Dollars	**Purchase Obligations**	**Operating Leases**
No later than 1 year	$ 13,368	$ 256
Later than 1 year and no later than 5 years	23,880	597
Later than 5 years	9,382	227
Total	$ 46,630	$ 1,080

30 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 December 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 on a time and materials basis through 2014. No payments were received from Access under this agreement during 2012 and payments received were less than $1 million during 2011.

On 20 December 2010, one of our subsidiaries received demand letters from affiliates of Access demanding indemnity for losses, including attorney's fees and expenses, arising out of a pending lawsuit and payment of $100 million in management fees under a 2007 management agreement between an Access affiliate and the predecessor of LyondellBasell AF as well as other unspecified amounts related to advice purportedly given in connection with financing and other strategic transactions. For additional information related to this matter, see Note 29.

Apollo—Transactions with Apollo affiliates 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 and other product sales made on the spot market in the ordinary course of business.

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 contractual arrangements with certain of the Company's equity investees, we receive certain services, utilities and materials at some of our manufacturing sites and we provide certain services to our equity investees.

In September 2011, LyondellBasell N.V. received €10 million ($14 million) from its joint venture partner, Basell Orlen Polyolefins SP.Z.O.O. in full payment of a loan made in 2009.

The Related party transactions are summarized as follows:

Millions of U.S. Dollars	31 December 2012	31 December 2011
The Company billed related parties for:		
Sale of products –		
Apollo affiliates	$ 299	$ 375
Equity investees	738	740
Shared services agreements –		
Apollo affiliates	19	13
Equity investees	1	11
Related parties billed the Company for:		
Sale of products –		
Equity investees	$ 3,260	$ 3,403
Shared services agreements –		
Equity investees	107	115
Year-end balances with related parties:		
Receivable from Apollo affiliates	15	31
Receivable from Equity investees	169	166
Loans to Equity investees	21	23
Loans from Equity investees	9	- -
Payables to Equity investees	845	852

31 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 2012, $41 million ($317 million in 2011) was recorded as Share premium for the purchase of 0.9 million ordinary shares (8.3 million ordinary shares in 2011), of which 0.3 million ordinary shares (3.5 million ordinary shares in 2011) are held in treasury.

32 Segment and Related Information

We operate in five business segments. The marketing of oxyfuels previously was aligned with the sale of products from the refining business, particularly our Berre refinery. We moved the management responsibility for business decisions relating to oxyfuels to our I&D business with the closure of the Berre refinery because profits generated by oxyfuels products are related to sourcing decisions regarding certain co-products of propylene oxide production. Accordingly, results for our oxyfuels business, which were previously included in our Refining segment results, have been reflected in our I&D segment since the second quarter of 2012. All comparable periods presented have been revised to reflect this change.

Our five segments consist of the following:

- 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, polyolefins and polypropylene compounds.
- 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 (“EO”) and its derivatives, and oxygenated fuels, or oxyfuels.
- Refining. Our Refining segment refines heavy, high-sulfur crude oil in the U.S. Gulf Coast.
- Technology. Our Technology segment develops and licenses chemical and polyolefin process technologies and manufactures and sells polyolefin catalysts.

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

Discontinued Operations—The Financial Accounting Standards Board (“FASB”) Accounting Codification (“ASC”) Topic 205, Presentation of Financial Statements (“ASC 205”), requires the results of operations of a component of an entity be reported in the discontinued operations if both of the following conditions are met: (a) the operations and cash flows of the component have been (or will be) eliminated from the ongoing operations of the entity as a result of the disposal transaction and (b) the entity will not have any significant continuing involvement in the operations of the component after the disposal transaction. The suspension of the Berre Refinery operations met these criteria and were treated as discontinued operations under U.S. GAAP. Under IFRS and this financial report, the suspension of the Berre Refinery operations has been accounted for under IFRS 5, Non-current assets held for sale and discontinued operations (“IFRS 5”). IFRS 5 defines a discontinued operation as a component of an entity that either has been disposed of or is classified as held for sale, and represents a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. For IFRS, the Berre Refinery did not meet the definition of a separate major line of business because the Company has not exited the refining business, and thus did not qualify for discontinued operations.

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 inventory measurement difference between the reportable segments and the consolidated information results in different costs of sale 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.

LyondellBasell Industries N.V.

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	Technology	Other	Total
Year Ended 31 December 2012							
Sales and other operating revenues:							
Customers	$ 8,987	$ 14,203	$ 9,280	$ 12,490	$ 377	$ 15	$ 45,352
Intersegment	3,947	318	378	801	121	(5,565)	- -
	12,934	14,521	9,658	13,291	498	(5,550)	45,352
Operating income	2,650	127	1,430	334	122	13	4,676
Income (loss) from equity investments	25	121	(3)	- -	- -	- -	143
Capital expenditures	468	254	159	136	43	- -	1,060
Depreciation and amortization expense	281	285	194	148	73	2	983

Millions of U.S. Dollars	Olefins and Polyolefins – Americas	Olefins and Polyolefins – Europe, Asia & International	Intermediates & Derivatives	Refining	Technology	Other	Total
Year Ended 31 December 2011							
Sales and other operating revenues:							
Customers	$ 10,349	$ 15,223	$ 9,293	$ 12,886	$ 376	$ 56	$ 48,183
Intersegment	4,531	368	207	820	130	(6,056)	- -
	14,880	15,591	9,500	13,706	506	(6,000)	48,183
Operating income	1,855	435	1,156	809	107	(25)	4,337
Income (loss) from equity investments	21	168	27	- -	- -	- -	216
Capital expenditures	425	235	101	224	26	10	1,021
Depreciation and amortization expense	246	262	186	153	84	- -	931

Reconciliation of Operating income for reportable segments to the Company's Consolidated Statement of Income is summarized in the following table.

Millions of U.S. Dollars	31 December 2012	31 December 2011
Total operating income for reportable segment	$ 4,676	$ 4,337
Measurement difference:		
Inventory valuation	(336)	358
Asset impairment	(36)	- -
Classification difference:		
Impact of Berre refinery closure	(44)	(339)
Other operating income (expense), net	41	34
Fair value changes on warrants	(11)	(37)
Other	(17)	20
Total Company's operating income	$ 4,273	$ 4,373

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	Technology	Other	Total
31 December 2012							
Property, plant, and equipment, net	$ 2,167	$ 2,425	$ 2,225	$ 985	$ 276	$ 11	$ 8,089
Equity and other investments	162	1,345	118	- -	- -	- -	1,625
Goodwill	162	175	245	- -	9	- -	591
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

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 2012					
Goodwill for reportable segment	$ 162	$ 175	$ 245	$ 9	$ 591
Measurement period changes including exchange differences	(31)	(175)	(52)	- -	(258)
Total Company's goodwill	$ 131	$ - -	$ 193	$ 9	$ 333
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	2012	2011
The Netherlands	$ 1,032	$ 1,217
Europe, other than The Netherlands	12,927	17,110
North America	25,666	26,527
Other	5,970	6,181
Total revenue	$ 45,595	$ 51,035

	Long-Lived Assets	
Millions of U.S. Dollars	**2012**	**2011**
United States	$ 5,370	$ 5,079
Non-U.S.:		
Germany	1,792	1,772
The Netherlands	730	749
France	579	593
Other non-U.S.	2,312	2,382
Total non-U.S.	5,413	5,496
Total	$ 10,783	$ 10,575

Long-lived assets include Property, plant and equipment, net, Intangible assets excluding goodwill, net and Investments in associates and joint ventures.

33 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 2012	For the Year Ended 31 December 2011
Income from Group companies after taxes	2	$ 2,768	$ 2,405
Other income / (expense) after tax		(158)	(29)
Profit attributable to the equity holders		$ 2,610	$ 2,376

LyondellBasell Industries N.V.

CORPORATE STATEMENTS OF FINANCIAL POSITION

Before appropriation of profit

Millions of U.S. Dollars	Note	31 December 2012	31 December 2011
Non-current assets			
Goodwill	2	$ 333	$ 332
Investments in Group companies	2	14,069	13,085
Long-term loans to Group companies	6	3,960	1,000
Deferred tax assets		18	12
Total non-current assets		18,380	14,429
Current assets			
Receivables from Group companies	2	45	10
Current income taxes		--	8
Prepaid expense and other current assets		--	1
Cash and cash equivalents	3	3	86
Total current assets		48	105
Total assets		**$ 18,428**	**$ 14,534**
Equity	4		
Share capital		$ 31	$ 31
Share premium		10,450	10,305
Legal reserves [(1)]		(85)	(137)
Retained earnings [(1)]		(2,168)	(2,076)
Profit for the year		2,610	2,376
Treasury Shares		(106)	(124)
Total equity attributable to equity holders		10,732	10,375
Non-current liabilities			
Long-term debt	5	3,947	985
Long-term loans from Group companies	6	3,600	3,145
Current liabilities			
Bank overdraft		99	- -
Other liabilities		50	29
Total equity and liabilities		**$ 18,428**	**$ 14,534**

(1) Immaterial prior period amounts have been reclassified from retained earnings

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 2012, 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.

At 31 December 2012 and 2011, the Company had five full-time employees, all located in The Netherlands.

2 Goodwill, Investments and Receivables

Millions of U.S. Dollars	Goodwill	Investments	Receivables from Group Companies
Balance at 1 January 2011	$ 335	$ 11,292	$ 105
Income from investments, net of tax	- -	2,405	- -
Equity settled transactions	- -	33	- -
Other	- -	8	(95)
Dividends received	- -	(134)	- -
Additions to other reserves	(3)	(519)	- -
Balance at 31 December 2011	$ 332	$ 13,085	$ 10
Of which:			
Non-current	$ 332	$ 13,085	$ - -
Current	- -	- -	10
Balance at 31 December 2011	$ 332	$ 13,085	$ 10
Balance at 1 January 2012	$ 332	$ 13,085	$ 10
Income from investments, net of tax	- -	2,768	- -
Equity settled transactions	- -	102	- -
Equity contribution	- -	50	- -
Dividends received	- -	(1,955)	- -
Other	- -	21	35
Additions to other reserves	1	(2)	- -
Balance at 31 December 2012	$ 333	$ 14,069	$ 45
Of which:			
Non-current	$ 333	$ 14,069	$ - -
Current	- -	- -	45
Balance at 31 December 2012	$ 333	$ 14,069	$ 45

Equity settled transactions—Equity-settled transactions represent share-based compensation granted to directors and employees.

Equity Contribution—The Company contributed $50 million as capital in a wholly owned subsidiary.

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 2012, the lending rate was 0.06% and less than one basis point for the U.S. dollar and Euro accounts, respectively, and the borrowing rate was 2.31% and 2.16% for the U.S. dollar and Euro accounts, respectively. At 31 December 2011, the credit rate was 0.12% and 0.99% for the U.S. dollar and Euro accounts, respectively, and the debit rate was 3.12% and 3.99% for the U.S. dollar and Euro accounts, respectively.

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	Currency Translation Differences	Group Companies [1]	Total
Balance at 1 January 2011	$ 125	$ 70	$ 195
Net Current Period Change	(231)	(101)	(332)
Balance at 31 December 2011	$ (106)	$ (31)	$ (137)
Balance at 1 January 2012	$ (106)	$ (31)	$ (137)
Net Current Period Change	126	(74)	52
Balance at 31 December 2012	$ 20	$ (105)	$ (85)

(1) Immaterial prior period amounts have been reclassified from unrestricted retained earnings

The item "Group Companies" relates to the "*Wettelijke reserve deelnemingen,*" which is required by Dutch Law. This reserve relates to any legal or economic restrictions on the ability of group companies to transfer funds to the parent in the form of dividends.

Retained earnings—Movements in retained earnings are as follows:

Millions of U.S. Dollars	31 December 2012	31 December 2011
Opening balance	$ (2,076)	$ (84)
Dividend distribution	(2,415)	(2,893)
Previous year results	2,376	1,099
Additions to legal reserves	(53)	(198)
Profit attributable to the equity holders	$ (2,168)	$ (2,076)

Pursuant to Dutch Law, limitations exist relating to the distribution of shareholders' equity of $51 million (2011, $31 million). As of 31 December 2012, such limitations relate to common shares of $31 million (2011, $31 million) as well as to legal reserves included under Currency Translation Differences of $20 million (2011, involved losses, refer to comment below).

In general, gains related to currency translation differences cannot be distributed as part of shareholders' equity as they form part of the legal reserves protected under Dutch Law. By their nature, losses related to currency translation differences and "group companies" reduce shareholders' equity and thereby distributable amounts.

The reconciliation of the Company's retained earnings to those of the Group reflected in the Groups Consolidated Statements of Financial Position is as follows:

Millions of U.S. Dollars	31 December 2012	31 December 2011
Retained earnings as per Consolidated Statement of Financial Position	$ 777	$ 582
Non-distributable reserves	(335)	(282)
Profit for the year	(2,610)	(2,376)
Retained earnings as per Corporate Statement of Financial Position	$ (2,168)	$ (2,076)

5 Long-term Debt

5% and 5.75% Senior Notes—In April 2012, the Company issued $2,000 million aggregate principal amount of 5% senior notes due 2019 and $1,000 million aggregate principal amount of 5.75% senior notes due 2024, each at an issue price of 100%. For additional information related to these notes, see Note 24 of the Consolidated Financial Statements.

Senior Revolving Credit Facility—In May 2012, the Company entered into a five-year revolving credit facility. The facility may be used for dollar and euro denominated borrowings and includes supporting up to $700 million of dollar and euro denominated letters of credit. The balance of outstanding borrowings and letters of credit under the facility may not exceed $2,000 million at any given time. We may, from time to time, request the total commitments available under the facility be increased to an aggregate amount not to exceed $2,500 million. Borrowings under the facility bear interest at a Base Rate or LIBOR, plus an applicable margin. Additional fees are incurred for the average daily unused commitments.

At 31 December 2012, availability under this facility was $1,949 million. There were no borrowings outstanding under the facility and outstanding letters of credit totaled $48 million. For additional information related to this credit facility, see Note 24 of the Consolidated Financial Statements.

6% Senior Notes—In November 2011, we issued $1.0 billion of 6% senior notes due 2021. 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. For additional information related to these notes, see Note 24 of the Consolidated Financial Statements.

6 Group Company Loans

Long-Term Loan Receivable from our Subsidiary—In April 2012, we and our indirectly wholly owned subsidiary, Lyondell Chemical Company ("Lyondell Chemical"), entered into a $1,973 million note receivable. The note bears per annum interest at 5.69% and matures on 15 April 2019. Interest is due semi-annually on 15 April and 15 October. In July 2012, we amended the terms of the note to include early prepayment restrictions and reduce the applicable interest. Lyondell Chemical may prepay all or part of the note at a specified redemption premium plus accrued and unpaid interest on the redemption date. At 31 December 2012, the outstanding balance was $1,973 million.

In April 2012, we and Lyondell Chemical entered into another $986 million note receivable. The note bears per annum interest at 6.36% and matures on 15 April 2024. Interest is due semi-annually on 15 April and 15 October. In July 2012, we amended the terms of the note to include early prepayment restrictions and reduce the applicable interest. Lyondell Chemical may prepay all or part of the note at a specified redemption premium plus accrued and unpaid interest on the redemption date. At 31 December 2012, the outstanding balance was $986 million.

In November 2011, we and 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. In July 2012, the terms of the note were amended to include early prepayment restrictions. Lyondell Chemical may prepay all or part of the note at a specified redemption premium plus accrued and unpaid interest on the redemption date. At 31 December 2012 and 2011, the outstanding balance was $1,000 million.

Long-term Loans Payable to our Subsidiaries—In August 2012, we and our indirect, wholly owned subsidiary, LYB America Finance Company, entered into a $1,500 million unsecured loan, which matures on 31 July 2014. In December 2012, we amended the loan facility to, among other things, (i) increase the size of the facility to $2,000 million; and (ii) extend the maturity date to 30 November 2014. The loan bears interest at a variable rate, which is determined monthly, using section 1274(d) of the Internal Revenue Code. At 31 December 2012, the outstanding balance under this loan agreement was $2,000 million.

In November 2011, we and our indirect, 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 2012 and 2011, the outstanding balance under this loan agreement was $1,600 million and $2,100 million, respectively.

Movements in Group company loans are presented below:

Millions of U.S. Dollars	Group Companies Long-Term	
	Receivables	Payables
Balance at 1 January 2011	$ - -	$ 535
Borrowings	1,000	2,610
Balance at 31 December 2011	$ 1,000	$ 3,145
Of which:		
Non-current	$ 1,000	$ 3,145
Current	- -	- -
Balance at 31 December 2011	$ 1,000	$ 3,145
Balance at 1 January 2012	$ 1,000	$ 3,145
Borrowings	2,960	455
Balance at 31 December 2012	$ 3,960	$ 3,600
Of which:		
Non-current	$ 3,960	$ 3,600
Current	- -	- -
Balance at 31 December 2012	$ 3,960	$ 3,600

7 Commitments and Contingencies not included in the Balance Sheet

The Company has entered into guarantee agreements with counterparties on behalf of some of its subsidiaries for the supply of raw materials. At 31 December 2012 and 2011 the total guaranteed amount was $8.7 billion and $5.0 billion, respectively.

The Company receives an annual fee of 0.23% and 0.88% for all outstanding guarantees as of 31 December 2012 and 2011, respectively.

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.

8 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 2012	For the Year Ended 31 December 2011
Financial statements audit fees	$ 9.5	$ 11.5
Other Assurance fees	0.8	0.8
All other Fees	0.2	0.1
	$ 10.5	$ 12.4

The total fees of PricewaterhouseCoopers Accountants N.V, The Netherlands, charged to the Company and its consolidated group entities amounted to $2.3 million and $3.1 million in 2012 and 2011, respectively.

The financial statements audit fees above include the aggregate fees billed for professional services rendered for the audit of LyondellBasell Industries N.V.'s annual financial statements, annual statutory financial statements of subsidiaries and services that are normally provided by the auditor in connection with these audits. This category also includes 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 that are not included in the above categories.

9 Directors' Remuneration

Reference is made to Note 9, Key Management Remuneration, of the Consolidated Financial Statements.

Rotterdam, 29 March 2013

Supervisory Board	**Management Board**
Marvin O. Schlanger	James L. Gallogly
Jacques Aigrain	
Jagjeet Bindra	
Robin Buchanan	
Milton Carroll	
Stephen F. Cooper	
Robert Gwin	
Scott Kleinman	
Bruce A. Smith	
Rudy M.J. van der Meer	

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 $4.20 per share from its 2012 annual accounts. This included an interim dividend of $0.25 per share to shareholders of record on 12 March 2012; an interim dividend of $0.40 per share paid to shareholders of record on 21 May 2012, 4 September 2012, and 19 November 2012; and a special interim dividend of $2.75 per share to shareholder of record on 19 November 2012. These dividend payments, totaling $2,415 million, have been charged to retained earnings.

The Management Board and the Supervisory Board will propose that the AGM approve the dividends already paid, as described above.

Subsequent Events

Interim Dividend—The Management Board, with the authorization of the Supervisory Board, declared a dividend of $0.40 per share to be paid on 18 March 2013 to shareholders of record as of 25 February 2013.

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 2012 as set out on pages 72 to 146 of LyondellBasell Industries N.V., Rotterdam. The financial statements include the consolidated and company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2012, the consolidated statements of income, 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. The company financial statements comprise the company statement of financial position as at 31 December 2012, the company statement of income for the year then ended and the notes, comprising a summary of 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.

LyondellBasell Industries N.V.

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 2012, 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.

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, 29 March 2013
PricewaterhouseCoopers Accountants N.V.

A.F. Westerman RA