

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re: X
: Chapter 11
: Lyondell Chemical Company, *et.al.*, : Case No. 09-10023
: Debtors. : (Jointly Administered)
: X

**MONTHLY OPERATING REPORT FOR THE PERIOD FROM
JANUARY 1, 2010 TO JANUARY 31, 2010**

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The undersigned, having reviewed the attached report and being familiar with the Debtors' financial affairs, verifies under penalty of perjury, that the information contained therein is complete, accurate and truthful to the best of my knowledge.

/s/ Kent Potter

Kent Potter
Chief Financial Officer

DATE: March 9, 2010

LYONDELL CHEMICAL COMPANY AND RELATED DEBTORS
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LYONDELL CHEMICAL COMPANY AND RELATED DEBTORS
COMBINED STATEMENT OF INCOME
(UNAUDITED)

<u>Millions of dollars</u>	For the month ended January 31, 2010
Sales and other operating revenues:	
Trade	\$ 1,735
Non-Debtor affiliates	61
	1,796
Operating costs and expenses:	
Cost of sales	1,810
Selling, general and administrative expenses	37
Research and development expenses	4
	1,851
Operating loss	(55)
Interest expense	(131)
Interest income - non-Debtor affiliates	15
Other expense, net	(13)
Loss before reorganization items, equity investments and income taxes	(184)
Reorganization items	(24)
Income from equity investments - non-Debtor affiliates	1
Loss before income taxes	(207)
Benefit from income taxes	(68)
Net loss from continuing operations	(139)
Discontinued operations	--
Net loss	\$ (139)

See Notes to the Combined Financial Statements.

LYONDELL CHEMICAL COMPANY AND RELATED DEBTORS
COMBINED BALANCE SHEET
(UNAUDITED)

<u>Millions of dollars</u>	<u>January 31,</u> <u>2010</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 340
Accounts receivable:	
Trade, net	1,381
Related parties	2
Non-Debtor affiliates	251
Inventories	1,954
Short-term loan receivables - non-Debtor affiliates	-
Current deferred income tax assets	6
Prepaid expenses and other current assets	471
Total current assets	4,405
Property, plant and equipment, net	9,615
Investments and long-term receivables:	
Investment in PO joint venture	569
Investments in non-Debtor affiliates	4,945
Other investments and long-term receivables	29
Intangible assets, net	1,278
Noncurrent deferred tax assets	115
Other assets	186
Total assets	\$ 21,142

See Notes to the Combined Financial Statements.

LYONDELL CHEMICAL COMPANY AND RELATED DEBTORS
COMBINED BALANCE SHEET
(UNAUDITED)

<u>Millions of dollars</u>	<u>January 31, 2010</u>
LIABILITIES AND STOCKHOLDER'S DEFICIT	
Current liabilities:	
Current maturities of long-term debt	\$ - -
Short-term debt	5,937
Accounts payable:	
Trade	770
Related parties	27
Non-Debtor affiliates	655
Accrued liabilities	665
Short-term loans payable - non-Debtor affiliates	101
Deferred income taxes	74
Total current liabilities	8,229
Long-term debt	- -
Other liabilities	170
Deferred income taxes	1,520
Liabilities subject to compromise	23,054
Commitments and contingencies	
Stockholder's deficit:	
Common stock	60
Additional paid-in capital	563
Retained deficit	(9,452)
Receivables - non-Debtor affiliates	(2,837)
Accumulated other comprehensive loss	(295)
Debtors' share of stockholder's deficit	(11,961)
Non-controlling interests	130
Total deficit	(11,831)
Total liabilities and stockholder's deficit	\$ 21,142

See Notes to the Combined Financial Statements.

LYONDELL CHEMICAL COMPANY AND RELATED DEBTORS
COMBINED STATEMENT OF CASH FLOWS
(UNAUDITED)

<u>Millions of dollars</u>	For the month ended January 31, 2010
Cash flows from operating activities:	
Net loss	\$ (139)
Net loss - discontinued operations, net of tax	--
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	90
Reorganization charges	24
Reorganization-related payments	(25)
Equity investments - income	(1)
Deferred income taxes	(66)
Amortization of debt-related costs	35
Unrealized foreign currency exchange loss	56
Changes in assets and liabilities that provided (used) cash:	
Accounts receivable	(38)
Inventories	24
Accounts payable	(211)
Other, net	141
Net cash used in operating activities - continuing operations	(110)
Net cash provided by operating activities - discontinued operations	--
Net cash used in operating activities	(110)
Cash flows from investing activities:	
Expenditures for property, plant and equipment	(19)
Advances to non-Debtor affiliates	(284)
Short-term investments	9
Net cash used in investing activities	(294)
Cash flows from financing activities:	
Net borrowings under debtor-in-possession revolving credit facility	380
Borrowings from non-Debtor affiliates	8
Increases in short-term borrowings	76
Net cash provided by financing activities	464
Effect of exchange rate changes on cash	--
Increase in cash and cash equivalents	60
Cash and cash equivalents at beginning of period	280
Cash and cash equivalents at end of period	\$ 340

See Notes to the Combined Financial Statements.

LYONDELL CHEMICAL COMPANY AND RELATED DEBTORS

NOTES TO THE COMBINED FINANCIAL STATEMENTS

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LYONDELL CHEMICAL COMPANY AND RELATED DEBTORS

NOTES TO THE COMBINED FINANCIAL STATEMENTS—(Continued)

1. Basis of Presentation

On January 6, 2009, Lyondell Chemical Company (the “Company”), certain of its subsidiaries and certain subsidiaries of its parent, LyondellBasell Industries AF S.C.A., (collectively, the “Initial Debtors”) filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “U.S. Bankruptcy Code”) in the U.S. Bankruptcy Court in the Southern District of New York (“U.S. Bankruptcy Court”). In addition, voluntary petitions for relief under chapter 11 of the U.S. Bankruptcy Code were filed by LyondellBasell Industries AF S.C.A., the Luxembourg holding company, (“LyondellBasell” or the “Parent”) and its General Partner, LyondellBasell AF GP S.à.r.l., on April 24, 2009 and by thirteen additional U.S. subsidiaries on May 8, 2009, (collectively, with the Initial Debtors, LyondellBasell and its General Partner, the “Debtors”). All 94 of these cases (the “Bankruptcy Cases”) are jointly administered in the U.S. Bankruptcy Court under the caption “*In re Lyondell Chemical Company, et. al.*” (see Note 2).

The accompanying combined financial statements of the Debtors have been prepared solely for the purpose of complying with the monthly reporting requirements of the U.S. Bankruptcy Court.

The monthly information presented herein is unaudited and has been prepared from the books and records of Lyondell Chemical Company and the other Debtors on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As discussed in Note 2, the chapter 11 filing and related matters raise substantial doubt about the ability of the Debtors to continue as a going concern. The accompanying combined financial statements of the Debtors do not reflect any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Debtors be unable to continue as a going concern.

Pursuant to accounting principles generally accepted in the United States of America (“U.S. GAAP”), certain pre-petition liabilities of the Debtors have been reclassified to long-term liabilities on the accompanying combined balance sheet as liabilities subject to compromise (see Note 5). Liabilities subject to compromise currently include the Debtors’ long-term debt that is considered undersecured and amounts due from the Debtors to vendors and employees for goods and services received prior to the January 6, 2009, April 24, 2009 and May 8, 2009 petition dates, and include damage claims created by the Debtors’ rejection of executory contracts. The Debtors continue to analyze and reconcile these amounts; therefore, the amounts reflected herein are current estimates and subject to change as additional analysis takes place. Liabilities subject to compromise are distinguished from pre-petition liabilities of the Debtors estimated to be fully secured, and post-petition liabilities of the Debtors.

The Debtors recognize claims at the probable allowed amount. Claims for rejected contracts are recorded at the earlier of default by the Debtors under the contract or notification to the U.S. Bankruptcy Court of rejection.

Intercompany transactions between the Debtors have been eliminated in the accompanying combined financial statements. Intercompany transactions between the Debtors and non-Debtor affiliates have not been eliminated. Intercompany loans, comprising \$2,815 million of short-term loans receivable and \$22 million of long-term loans receivable are classified as “Receivables - non-Debtor affiliates” in Stockholder’s Deficit in the accompanying combined balance sheet in accordance with U.S. GAAP. The ultimate settlement terms of these intercompany loans with non-Debtor affiliates is subject to the finalization and confirmation of the Debtors’ plan of reorganization.

These combined financial statements are based on the Debtors’ combined financial statements as of and for the month ended January 31, 2010, which have not yet been finalized. Accordingly, the financial information herein is subject to change and any such change could be material. In addition, these statements do not contain all disclosures that would be required for presentation in accordance with U.S. GAAP.

LYONDELL CHEMICAL COMPANY AND RELATED DEBTORS

NOTES TO THE COMBINED FINANCIAL STATEMENTS—(Continued)

2. Chapter 11 Proceedings

In order to emerge from the Bankruptcy Cases, the U.S. Bankruptcy Court must find that the Debtors' plan of reorganization complies with the requirements of the U.S. Bankruptcy Code. In addition, the Debtors must repay certain of their obligations under the debtor-in-possession ("DIP") Financing and therefore, will be required to raise new debt and equity financing as stated in their Plan of Reorganization. The Debtors believe that their current and forecasted level of activity through April 6, 2010, the maturity date of the amended DIP Financing agreements, will be sufficient to maintain compliance with the DIP Financing and related forbearance agreements as discussed below, and to allow the Debtors to seek approval of a plan of reorganization and related restructuring of their debt. However, should business activity levels be below expectations or should margin volatility require more liquidity than the amount to which the Debtors have access through the DIP Financing or should any non-Debtor legal entity be subjected to an involuntary bankruptcy proceeding, the Debtors could default on their DIP Financing obligations. Upon an event of default, the DIP Financing lenders could seek to impose onerous credit and other terms as a condition for waiving the default or demand other concessions. Ultimately, the lenders could declare all the funds borrowed under the DIP Financing, together with accrued and unpaid interest, due and payable and could exercise remedies against their collateral and seek other relief. The outcome of these events and, in general, the Bankruptcy Cases is uncertain, which raises substantial doubt about the ability of LyondellBasell to continue as a going concern.

As part of their reorganization plan, the Debtors have developed and finalized a new long range plan, which is further described below. The amended DIP Financing agreements require the Debtors to meet the following milestones related to the plan of reorganization and associated disclosure statement:

- by August 15, 2009, deliver a draft of the plan of reorganization and disclosure statement to relevant parties;
- by September 15, 2009, file the plan of reorganization and disclosure statement with the U.S. Bankruptcy Court;
- by April 6, 2010, obtain the U.S. Bankruptcy Court's approval of the disclosure statement, provided that if the Debtors have commenced a hearing seeking approval of the disclosure statement before such date with the reasonable belief that approval could be obtained by April 14, 2010, but the hearing is not concluded by April 14, 2010 due to the lack of the U.S. Bankruptcy Court's availability, the deadline is extended to April 21, 2010; and
- by May 20, 2010, obtain U.S. Bankruptcy Court confirmation of the plan of reorganization, provided that if the Debtors have commenced a hearing seeking confirmation before such date with the reasonable belief that confirmation could be obtained by May 20, 2010, but it is not obtained by such date due to the lack of the U.S. Bankruptcy Court's availability, the confirmation deadline shall be extended to June 12, 2010.

On September 11, 2009, the Debtors filed a plan of reorganization and disclosure statement with the U.S. Bankruptcy Court. On December 11, 2009, the Debtors filed a first amended plan of reorganization and disclosure statement and on December 24, 2009, the Debtors filed a second amended plan of reorganization and disclosure statement. On December 24, 2009, the Debtors also filed a motion to approve the equity commitment agreement related to the plan of reorganization. Confirmation of the plan of reorganization will discharge pre-petition liabilities against the Debtors and permit the Debtors to commence distributions to their creditors in accordance with the terms of that plan.

LYONDELL CHEMICAL COMPANY AND RELATED DEBTORS

NOTES TO THE COMBINED FINANCIAL STATEMENTS—(Continued)

2. Chapter 11 Proceedings—(Continued)

On February 25, 2010, based on the continued impact of global economic conditions on polypropylene demand, LyondellBasell AF announced a project to cease production at, and permanently shut down, its polypropylene plant at Terni, Italy. LyondellBasell expects to recognize impairment charges of approximately \$30 million in 2009 plus severance and other charges which have yet to be determined but which could be significant. In conjunction with the project, LyondellBasell has started consultation with representatives of the works council with respect to the consequences for approximately 120 affected employees at the site.

On March 13, 2009, the U.S. Bankruptcy Court approved the long-term idling of Debtor Equistar Chemicals, LP's ("Equistar") Chocolate Bayou olefin plant near Alvin, Texas, the reduction of approximately 220 employees supporting olefin operations at the site and the rejection of certain executory contracts and unexpired leases related to the facility. In the same March 13, 2009 order, the U.S. Bankruptcy Court authorized Equistar to reject its ground lease at the Chocolate Bayou plant, pursuant to which Equistar leased the real property occupied by the olefins plant operations, and to permanently shut down the unit by August 4, 2009.

The Debtors proceeded with idling activities and with plans to vacate the Chocolate Bayou site by August 4, 2009. In July 2009 the current and former owners of the Chocolate Bayou real property filed a motion to enforce and clarify the March 13, 2009 order authorizing these activities. Their motion claimed, among other things, that Equistar could not leave its olefin chemical plant equipment and facilities behind on the Chocolate Bayou real property without filing a motion requesting and obtaining the U.S. Bankruptcy Court's approval to abandon this equipment and facilities. The owners also made it clear that they would oppose any motion to abandon on the grounds that the olefin equipment and facilities were hazardous and required further remediation and decommissioning. The Debtors disagree with the owners' position.

On August 5, 2009, pending the U.S. Bankruptcy Court's ruling on the motion, the U.S. Bankruptcy Court ordered Equistar to remain in possession of the leasehold and to maintain the status quo at the facility. On September 9, 2009, the U.S. Bankruptcy Court order that Equistar could not leave personal property behind when it vacated the facility without formally seeking permission to "abandon" that personal property pursuant to the U.S. Bankruptcy Code. Accordingly, on October 16, 2009 the Debtors filed a motion to abandon their olefin plant property located at the Chocolate Bayou plant.

On December 8, 2009, Equistar and the current and former owners of the Chocolate Bayou real property reached a settlement in principle of the motion to abandon. Generally, Equistar has agreed to perform certain decommissioning and decontamination work regarding the real property, estimated at \$50 million to take approximately two years. The current owner has agreed to provide support services, utilities and access to Equistar in return for monthly payments from Equistar; and the former owner has agreed to make a cash payment to Equistar in settlement of this and other disputes between the former owner and Equistar. The parties are in the process of drafting a formal settlement agreement to be filed with the U.S. Bankruptcy Court. The estimated net cost for remediation, decommissioning, complete de-inventorying and cleaning of the olefins plant property prior to its abandonment is recognized in liabilities subject to compromise.

LYONDELL CHEMICAL COMPANY AND RELATED DEBTORS

NOTES TO THE COMBINED FINANCIAL STATEMENTS—(Continued)

2. Chapter 11 Proceedings—(Continued)

Unsecured Creditors Committee Litigation and Proposed Settlement—On June 15, 2009, the statutorily appointed Committee of Unsecured Creditors (the “Committee”) in the Bankruptcy Cases filed a motion with the U.S. Bankruptcy Court to obtain standing to commence litigation on behalf of the Debtors. Specifically, the Committee sought standing to bring fraudulent transfer, preference and breach of fiduciary duty claims against a number of the parties connected to the merger of Lyondell Chemical Company and Basell (now known as LyondellBasell Industries AF). On July 21, 2009, the Committee was granted standing, and on July 22, 2009, the Committee filed its complaint commencing the proposed lawsuit. LyondellBasell itself is not a party to the lawsuit, or a named defendant, and the action does not seek damages from LyondellBasell. Accordingly, the following discussion is based upon documents filed with the U.S. Bankruptcy Court.

On August 4, 2009, the U.S. Bankruptcy Court ruled from the bench on case management issues related to the Committee’s adversary proceeding. The U.S. Bankruptcy Court determined that the litigation would be divided into three separate phases, and set a discovery schedule for the first phase of the proceedings. Trial on the first phase (“Phase I Trial”) would litigate the fraudulent transfer, preference, and equitable subordination claims against the Debtors’ prepetition lenders, as well as the fraudulent transfer claims against certain Access entities and the Debtors’ officers and directors, and was scheduled to start on December 10, 2009. The second phase (“Phase IA Trial”) would address, if necessary, the solvency of each individual Debtor, and any related or appropriate remedy as a result. The third phase (“Phase II Trial”) will litigate the remaining claims in the Committee’s complaint.

On October 29, 2009, the U.S. Bankruptcy Court ordered the parties to engage in mediation for the purpose of facilitating settlement discussions. On November 9, 2009, the U.S. Bankruptcy Court appointed a mediator. Parties to the Committee litigation and the Debtors participated in mediation sessions in November and December 2009. After this mediation ended in an impasse, the Debtors negotiated an initial settlement agreement with certain senior and bridge lenders that would end the Committee’s adversary proceeding as it relates to them (the “Settling Defendants”).

On December 24, 2009, the Debtors filed a motion seeking U.S. Bankruptcy Court approval of their settlement with the Settling Defendants. The Committee, the trustee for the Senior Notes due 2015 and certain holders of the Senior Notes due 2015 (collectively, the “Objecting Parties”) objected to the settlement. After further negotiations, the Debtors, the Settling Defendants, and the Objecting Parties announced an agreement to certain modifications to the settlement agreement (the “Amended Lender Litigation Settlement”) which were reported to the Bankruptcy Court on February 16, 2010. On March 6, 2010, the Debtors filed a form of settlement agreement with the U.S. Bankruptcy Court. The parties are finalizing the settlement agreement and plan of reorganization that incorporates such settlement.

LYONDELL CHEMICAL COMPANY AND RELATED DEBTORS

NOTES TO THE COMBINED FINANCIAL STATEMENTS—(Continued)

2. Chapter 11 Proceedings—(Continued)

On December 24, 2009, Bank of New York (“BNY”) as trustee for the ARCO Notes and the Equistar Notes filed a motion (i) seeking to be allowed a super-priority administrative expense claim under section 507(b) of the Bankruptcy Code and (ii) challenging the classification of these notes under the Debtors’ proposed plan of reorganization. On February 11, 2010, the Bankruptcy Court approved a settlement of the disputes raised by these motions which provides that the holders of ARCO and Equistar Notes will share in certain distributions under any plan of reorganization in a formula driven relationship to distributions to be made on account of certain prepetition secured debt unless the settlement agreement is terminated by its terms after May 20, 2010. An order approving this settlement by the U.S. Bankruptcy Court was entered on February 18, 2010. The Debtor’s plan of reorganization and related disclosure statement will be amended to reflect, among other things, this settlement.

For additional information regarding the Bankruptcy Cases, please refer to LyondellBasell’s Consolidated Financial Statements posted to its website at www.lyondellbasell.com.

3. Debt

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

<u>Millions of dollars</u>	<u>January 31, 2010</u>
<u>Debtor-in-Possession Credit Agreement</u>	
Term Loan facility due 2010:	
New Money Loans	\$ 2,167
Roll-Up Loans – Senior Secured Credit Facility:	
Term Loan A due 2013 – U.S. tranche	385
Term Loan B due 2014 – U.S. tranche (\$2 million of discount)	2,013
Term Loan B due 2014 – German tranche	465
Revolving Credit Facility	202
ABL Facility	705
	<hr style="border-top: 1px solid black;"/>
	5,937
	<hr style="border-top: 1px solid black;"/>
Total debt	5,937
Less:	
Current maturities	--
Short-term debt	(5,937)
	<hr style="border-top: 1px solid black;"/>
Total Long-term debt	\$ --
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LYONDELL CHEMICAL COMPANY AND RELATED DEBTORS

NOTES TO THE COMBINED FINANCIAL STATEMENTS—(Continued)

3. Debt—(Continued)

The following debt outstanding immediately preceding the Chapter 11 filings, on January 6, 2009, has been reclassified from long-term debt and is currently reflected on the accompanying balance sheet as “Liabilities subject to compromise.”

<u>Millions of dollars</u>	<u>January 31, 2010</u>
Bank credit facilities:	
Interim Loan	\$ 8,000
First lien secured debt:	
Senior Secured Credit Facility:	
Term Loan A due 2013 - U.S. tranche	1,044
Term Loan B due 2014:	
U.S. tranche	5,459
German tranche	1,258
Revolving Credit Facility	548
Debentures due 2010, 10.25%	100
Debentures due 2020, 9.8%	225
Debentures due 2026, 7.55%	150
Senior Notes due 2015, \$615 million	615
Senior Notes due 2015, €500 million	695
Senior Debentures due 2026, 7.625%	241
KIC Ltd.	6
State of Maryland	1
Total	<u>\$ 18,342</u>

The amended DIP Financing described below matures on, and requires the Debtors to emerge from the Bankruptcy Cases by April 6, 2010, unless extended by the Debtors to June 3, 2010 pursuant to the Debtor’s one-time extension option. The maturity date of the DIP Financing agreement will be adjusted with the plan of confirmation milestone, as may be extended based on the U.S. Bankruptcy Court’s availability. The capital structure of the Debtors on emergence from chapter 11 will be set in the reorganization plan that must be confirmed by the U.S. Bankruptcy Court.

DIP Financing—On January 8, 2009, the Debtors received interim U.S. Bankruptcy Court approval, and on March 1, 2009, the final U.S. Bankruptcy Court approval of the debtor-in possession financings that provided for facilities in an aggregate amount up to \$8,500 million as follows, comprising (i) a \$6,500 million term loan facility (“DIP Term Loan Facility”) consisting of (a) \$3,250 million of new funding (the “New Money Loans”) and (b) \$3,250 million representing a dollar-for-dollar “roll up” of previously outstanding senior secured loans (the “Roll-Up Loans”); and (ii) an asset-based facility with a revolving credit line initially in an amount up to \$1,540 million (“DIP ABL Facility” and together with the Term Loan Facility, the “DIP Financing”) subject to a borrowing base, with an option to increase this facility through the addition of new lenders by an amount up to \$460 million so that the aggregate DIP ABL Facility equaled an amount up to \$2,000 million. On March 12, 2009 and July 15, 2009, new lenders were added increasing the DIP Financing by \$30 million and \$50 million, respectively, to \$8,120 million. .

LYONDELL CHEMICAL COMPANY AND RELATED DEBTORS

NOTES TO THE COMBINED FINANCIAL STATEMENTS—(Continued)

3. Debt—(Continued)

Pursuant to the DIP Financing, not more than €700 million of the proceeds under the DIP Financing may be used to fund LyondellBasell's non-U.S. subsidiaries. From inception of the DIP Financing agreements to January 31, 2010, the maximum amount advanced to LyondellBasell's non-U.S. subsidiaries, was \$634 million (€481 million at historical rates). At January 31, 2010, advances of \$355 million (€250 million) were outstanding.

Pursuant to the DIP ABL Facility, the Debtors may currently, subject to a borrowing base, after giving effect to a \$100 million unused availability requirement, borrow up to \$1,620 million. The borrowing base is determined using formulae applied to accounts receivable and inventory balances, and is reduced to the extent of outstanding letters of credit under the facility, which are limited to \$700 million.

At January 31, 2010, there were net borrowings of \$705 million outstanding under the DIP ABL Facility and outstanding letters of credit totaled \$461 million. The borrowing base was \$1,620 million.

Senior Notes due 2015—On February 6, 2009, the Initial Debtors filed a motion with the U.S. Bankruptcy Court seeking a preliminary injunction prohibiting certain creditors from enforcing pre-petition guarantees issued by LyondellBasell and certain of its non-Debtor subsidiaries for obligations of the Debtors and certain non-Debtors and seeking to prevent the holders of LyondellBasell's 8.375% Senior Notes due 2015 (the "Senior Notes") from among other things, taking action to accelerate the maturity of the Senior Notes. On February 26, 2009, the U.S. Bankruptcy Court granted this injunction for a period of 60 days. LyondellBasell and its general partner filed voluntary petitions for relief under chapter 11 of the U.S. Bankruptcy Code on April 24, 2009 (prior to the expiration of the 60-day period). As a result of these filings, the ability of creditors to enforce their claims against LyondellBasell and its general partner is stayed by applicable provisions of the U.S. Bankruptcy Code.

On March 23, 2009, the trustee under the indenture dated August 10, 2005 relating to the Senior Notes, served notice that an event of default had occurred under the indenture as a result of the commencement of the Bankruptcy Cases and LyondellBasell's failure to pay interest on the Senior Notes when due, which failure continued beyond the applicable grace period. Pursuant to the Intercreditor Agreement dated December 21, 2007, the notice of default started a 179-day period ("Standstill Period") during which the holders of the Senior Notes and the trustee may not take action to enforce their rights with respect to the Senior Notes or the guarantees thereof. Upon the expiration of the Standstill Period, the trustee may pursue claims against non-Debtor affiliates who are guarantors of the Senior Notes. The Standstill period was originally scheduled to expire on September 18, 2009.

On August 28, 2009, the Debtors initiated an adversary proceeding seeking a permanent and preliminary injunction to prevent the holders of the Senior Notes and the trustee from taking certain actions against Non-Debtor affiliates obligated under the Senior Notes. On October 1, 2009, the Senior Notes trustee initiated an adversary proceeding against LyondellBasell, the lenders who participated in the financing of the merger of Lyondell Chemical Company and Basell (now known as LyondellBasell Industries AF) and certain others, seeking, among other things, a declaratory judgment that the Intercreditor Agreement and its provisions subordinating the interests of the holders of Senior Notes are null and void and an equitable subordination of the claims of certain of the Debtors' lenders.

Pursuant to the terms of the Intercreditor Agreement, any action to accelerate payment obligations or enforce claims against LyondellBasell, the Debtors, and non-Debtor affiliates of the Debtors that are obligated under the Senior Secured Credit Facility was prohibited during the Standstill Period. By agreement of the parties on February 12, 2010, the Standstill Period has been extended through April 15, 2010.

LYONDELL CHEMICAL COMPANY AND RELATED DEBTORS

NOTES TO THE COMBINED FINANCIAL STATEMENTS—(Continued)

4. Reorganization Items

LyondellBasell had reorganization items totaling \$24 million in January 2010, including professional fees associated with the chapter 11 proceedings, charges for damage claims related to certain executory contracts, and other restructuring charges.

5. Liabilities Subject to Compromise

As a result of the Bankruptcy Cases, the payment of prepetition indebtedness may be subject to compromise or other treatment under the Debtors' plan of reorganization. Although actions to enforce or otherwise effect payment of prepetition claims are generally stayed, at hearings held in January 2009, the U.S. Bankruptcy Court granted final approval of the Debtors' "first-day" motions, generally designed to stabilize the Debtors' operations and covering, among other things, employee wages, health and benefit plans, qualified pension and savings plans, supplier relations, customer relations, business operations, utilities, tax matters, cash management and retention of professionals.

The Debtors have been paying and intend to continue to pay substantially all of their undisputed postpetition claims in the ordinary course of business. In addition, the Debtors may reject prepetition executory contracts and unexpired leases with respect to the Debtors' operations with the approval of the U.S. Bankruptcy Court. Damages resulting from rejection of executory contracts and unexpired leases are treated as general unsecured prepetition claims and will be classified as liabilities subject to compromise.

On May 14, 2009, the U.S. Bankruptcy Court entered an order establishing June 30, 2009 as the claims bar date. The claims bar date is the date by which claims against the Debtors arising prior to the Debtors' chapter 11 filings must be filed if the claimants wish to receive any distribution in the Bankruptcy Cases. On May 26, 2009, the Debtors commenced notification, including publication, to all known actual and potential creditors informing them of the bar date and the required procedures with respect to the filing of proofs of claim. As part of the Bankruptcy Cases, claims timely filed by the claims bar date will ultimately be reconciled against the amounts listed by, with certain exceptions, the Debtors in their Schedules of Assets and Liabilities. In most cases, to the extent the Debtors object to any filed claims, the U.S. Bankruptcy Court will make the final determination as to the amount, nature and validity of such claims. Moreover, the treatment of allowed claims against the Debtors will be determined pursuant to the terms of the plan of reorganization, which was filed September 11, 2009 and amended on December 11, 2009 and on December 24, 2009, but is subject to approval by the U.S. Bankruptcy Court. Accordingly, while LyondellBasell continues to reassess these liabilities, the ultimate amount and treatment of such liabilities has not yet been determined.

Prepetition liabilities that are subject to compromise are reported at the amounts expected to be allowed, even if they potentially may be settled for lesser amounts. Accordingly, the amounts currently classified as liabilities subject to compromise may be subject to future adjustments depending on the U.S. Bankruptcy Court's actions, further developments with respect to disputed claims, the values of any collateral securing such claims, or other events.

LYONDELL CHEMICAL COMPANY AND RELATED DEBTORS
NOTES TO THE COMBINED FINANCIAL STATEMENTS—(Continued)

5. Liabilities Subject to Compromise—(Continued)

Liabilities subject to compromise consisted of the following at January 31, 2010:

<u>Millions of dollars</u>	
Accounts payable	\$ 583
Employee benefits	998
Accrued interest	286
Conversion fee – Interim Loan	161
Estimated claims	1,729
Interest rate swap obligation	201
Related party payable	79
Other accrued liabilities	675
Long-term debt	18,342
Total liabilities subject to compromise	\$ 23,054

Other accrued liabilities included \$583 million of prepetition accounts payable and loans payable to non-Debtors.

See Note 3 for the long-term debt components of liabilities subject to compromise.

6. Other

LyondellBasell has identified certain activities related to a project in Kazakhstan that raise compliance issues under U.S. law. It has engaged outside counsel to investigate these activities, under the oversight of a special committee established by the Supervisory Board, and to evaluate internal controls and compliance policies and procedures. LyondellBasell made a voluntary disclosure of these matters to the U.S. Department of Justice and is cooperating fully with that agency.

In re Lyondell Chemical Company, et al.,

Case No. (Jointly Administered) 09-10023 (REG)
 Reporting Period: January 31, 2010

Federal Tax I.D. # 95-4160558

Schedule of Disbursements

(In Thousands)

TIME PERIOD:
1/1/10 - 1/31/10

Debtor	Case Number	Disbursements
Basell Capital Corporation	09-12940 (REG)	\$0
Basell Finance USA Inc.	09-10021 (REG)	\$0
Basell Germany Holdings GmbH	09-10048 (REG)	\$0
Basell Impact Holding Company	09-12942 (REG)	\$0
Basell North America Inc.	09-10034 (REG)	\$0
Basell USA Inc.	09-10033 (REG)	\$144,861
Circle Steel Corporation	09-10032 (REG)	\$0
Duke City Lumber Co.	09-10035 (REG)	\$0
Equistar Bayport, LLC	09-12943 (REG)	\$0
Equistar Chemicals, LP	09-10036 (REG)	\$855,378
Equistar Funding Corporation	09-12956 (REG)	\$0
Equistar Polypropylene, LLC	09-12944 (REG)	\$0
Equistar Transportation Company, LLC	09-10049 (REG)	\$0
Glidco Leasing Inc.	09-10037 (REG)	\$0
Glidden Latin America Holdings	09-10040 (REG)	\$0
HOISU Ltd.	09-10022 (REG)	\$0
Houston Refining LP	09-10038 (REG)	\$924,487
HPT 28 Inc.	09-10042 (REG)	\$0
HPT 29 Inc.	09-10043 (REG)	\$0
HW Loud Company	09-10039 (REG)	\$0
IMWA Equities II, Co., L.P.	09-10047 (REG)	\$0
ISB Liquidating Company	09-10044 (REG)	\$0
LBI Acquisition LLC	09-10045 (REG)	\$0
LBIH LLC	09-10025 (REG)	\$0
LeMean Property Holdings Corp.	09-10027 (REG)	\$0
LPC Partners Inc.	09-12953 (REG)	\$0
Lyondell (Pelican) Petrochemical L.P. 1, Inc.	09-10067 (REG)	\$0
Lyondell Asia Pacific, Ltd.	09-10050 (REG)	\$362
Lyondell Bayport, LLC	09-12949 (REG)	\$0
Lyondell Chemical Company	09-10023 (REG)	\$1,295,198
Lyondell Chemical Delaware Company	09-10051 (REG)	\$6
Lyondell Chemical Espana Co.	09-10052 (REG)	\$0
Lyondell Chemical Europe, Inc.	09-10053 (REG)	\$33
Lyondell Chemical Holding Company	09-12950 (REG)	\$0
Lyondell Chemical International Co.	09-10054 (REG)	\$0
Lyondell Chemical Nederland, Ltd.	09-10055 (REG)	\$0
Lyondell Chemical Products Europe, LLC	09-10056 (REG)	\$7
Lyondell Chemical Properties, L.P.	09-10057 (REG)	\$0

Lyondell Chemical Technology 1, Inc.	09-10101 (REG)	\$0
Lyondell Chemical Technology Management, Inc.	09-10058 (REG)	\$0
Lyondell Chemical Technology, L.P.	09-10059 (REG)	\$0
Lyondell Chemical Wilmington, Inc	09-12952 (REG)	\$0
Lyondell Chimie France LLC	09-10060 (REG)	\$0
Lyondell Equistar Holdings Partners	09-10072 (REG)	\$0
Lyondell Europe Holdings Inc.	09-10026 (REG)	\$0
Lyondell General Methanol Company	09-12945 (REG)	\$0
Lyondell Greater China, Ltd.	09-10061 (REG)	\$11,882
Lyondell Houston Refinery Inc.	09-10028 (REG)	\$0
Lyondell Intermediate Holding Company	09-12947 (REG)	\$0
Lyondell LP3 GP, LLC	09-10062 (REG)	\$0
Lyondell LP3 Partners, LP	09-10063 (REG)	\$0
Lyondell LP4 Inc.	09-10029 (REG)	\$0
Lyondell Petrochemical L.P. Inc.	09-10030 (REG)	\$0
Lyondell Refining Company LLC	09-10064 (REG)	\$0
Lyondell Refining I, LLC	09-10094 (REG)	\$0
LyondellBasell Advanced Polyolefins USA Inc.	09-10065 (REG)	\$0
LyondellBasell AFGP S.à r.l.	09-12519 (REG)	\$0
LyondellBasell Finance Company	09-10066 (REG)	\$0
LyondellBasell Industries AF S.C.A.	09-12518 (REG)	\$0
MHC Inc.	09-10073 (REG)	\$11
Millennium America Holdings Inc.	09-10074 (REG)	\$0
Millennium America Inc.	09-10031 (REG)	\$0
Millennium Chemicals Inc.	09-10075 (REG)	\$6
Millennium Holdings, LLC	09-10071 (REG)	\$129
Millennium Petrochemicals GP LLC	09-10070 (REG)	\$0
Millennium Petrochemicals Inc.(Virginia)	09-10069 (REG)	\$21,904
Millennium Petrochemicals LP LLC	09-10100 (REG)	\$0
Millennium Petrochemicals Partners, LP	09-10099 (REG)	\$0
Millennium Realty Inc.	09-10077 (REG)	\$0
Millennium Specialty Chemicals Inc.	09-10076 (REG)	\$9,709
Millennium US Op Co LLC	09-10098 (REG)	\$1,111
Millennium Worldwide Holdings I Inc.	09-10097 (REG)	\$0
MWH South America LLC	09-10096 (REG)	\$0
National Distillers & Chemical Corporation	09-10078 (REG)	\$0
NDCC International II	09-10079 (REG)	\$0
Nell Acquisition (US) LLC	09-10080 (REG)	\$0
Penn Export Company, Inc.	09-10081 (REG)	\$0
Penn Navigation Company	09-10082 (REG)	\$0
Penn Shipping Company Inc.	09-10085 (REG)	\$0
Penntans Company	09-10095 (REG)	\$0
PH Burbank Holdings, Inc.	09-10103 (REG)	\$0
Power Liquidating Company, Inc.	09-10084 (REG)	\$0
Quantum Acceptance Corp	09-10083 (REG)	\$0
Quantum Pipeline Company	09-12951 (REG)	\$0
SCM Chemicals Inc.	09-12955 (REG)	\$0
SMC Plants Inc.	09-10102 (REG)	\$0
Suburban Propane GP, Inc.	09-10086 (REG)	\$0
Tiona, Ltd.	09-10087 (REG)	\$0
UAR Liquidating Inc.	09-10088 (REG)	\$0

USI Chemicals International Inc.	09-10089 (REG)	\$0
USI Credit Corp.	09-10090 (REG)	\$0
USI Puerto Rico Properties, Inc.	09-10091 (REG)	\$0
Walter Kidde & Company, Inc.	09-10092 (REG)	\$0
Wyatt Industries, Inc.	09-10093 (REG)	\$0

Total Disbursements	\$3,265,084
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In re Lyondell Chemical Company, et al.,

Case No. (Jointly Administered) 09-10023 (REG)

Reporting Period: January 31, 2010

Federal Tax I.D. # 95-4160558

Debtor Questionnaire

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.		Yes	No
1	Have any assets been sold or transferred outside the normal course of business this reporting period?		X
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		X
3	Is the Debtor delinquent in the timely filing of any post-petition tax returns?		X
4	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		X
5	Is the Debtor delinquent in paying any insurance premium payment?		X
6	Have any payments been made on pre-petition liabilities this reporting period?	X	
7	Are any post petition receivables (accounts, notes or loans) due from related parties?		X
8	Are any post petition payroll taxes past due?		X
9	Are any post petition State or Federal income taxes past due?		X
10	Are any post petition real estate taxes past due?		X
11	Are any other post petition taxes past due?		X
12	Have any pre-petition taxes been paid during this reporting period?	X	
13	Are any amounts owed to post petition creditors delinquent?	X	
14	Are any wage payments past due?		X
15	Have any post petition loans been received by the Debtor from any party?		X
16	Is the Debtor delinquent in paying any U.S. Trustee fees?		X
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		X
18	Have the owners or shareholders received any compensation outside of the normal course of business?		X

Note 1 and 2 – One hundred twenty two property tax payments related to pre-petition liabilities were paid in January totaling \$81 million.

Note 3 – The Company has past due post-petition invoices that are being resolved through interaction with creditors.