

FAQ's

What Happened in the Lyondell Bankruptcy Cases?

The LyondellBasell enterprise was formed through a merger of Lyondell Chemical Company and its affiliates with Basell AF S.C.A. and its affiliates (collectively, the “Debtors”) in December 2007. As a result of that merger, the Debtors took on over \$20 billion of secured debt. Accordingly, in the bankruptcy proceedings that commenced approximately one year later, on January 6, 2009, the claims of unsecured creditors were behind over \$20 billion of secured debt and, as a result, were unlikely to receive much, if any, distribution without a successful challenge to the claims and liens of the secured lenders. After an extended period of discovery and an extensive investigation by the Official Creditors’ Committee, the Creditors’ Committee sought and was granted permission from the Bankruptcy Court to file a complaint on behalf of the Debtors’ estates challenging the financing of the merger as a fraudulent conveyance and seeking to avoid the merger financing and recover payments made to the secured lenders.

The Plan of Reorganization approved by the Bankruptcy Court on April 23, 2010 (the “Plan”) incorporated an extensively negotiated settlement of the Creditors’ Committee’s claims against the secured lenders (referred to in the Plan as the “Lender Litigation Settlement”). You can review the Plan on the Plan Documents drop down menu on this website. As a result of the Lender Litigation Settlement certain unsecured creditors were entitled to receive a share of a \$450 million settlement pool plus the opportunity for further recoveries from the prosecution of other claims and causes of action.

What Do Unsecured Creditors Get from the Lender Litigation Settlement?

Pursuant to the Lender Litigation Settlement, subject to certain exceptions set forth in the Plan, the holders of Allowed General Unsecured Claims in **Classes 7A, 7C, 7D and 8** were entitled to receive their pro rata share of (i) \$300 million in cash and (ii) \$150 million in Class A Shares.¹ In addition, two litigation trusts were formed in connection with the Plan to prosecute (i) certain claims asserted by the Creditors’ Committee but not released in the Lender Litigation Settlement (including certain claims against directors and officers of the Debtors and against Access Industries and its affiliates), (ii) certain claims against former shareholders of Lyondell Chemical Co. based on payments they received as a result of the 2007 merger, and (iii) certain claims to recover preferential transfers under the Bankruptcy Code.

What Are the Litigation Trust and the Creditor Trust?

Two separate trusts, the Litigation Trust and the Creditor Trust (the “Trusts”), were formed to pursue the ongoing claims. Pursuant to the Plan, the Trusts were funded with \$20

¹ As set forth in the Plan, certain holders of Unsecured Claims in Classes 7C and 7D were entitled to receive additional Plan distributions (over and above their pro rata share of the Lender Litigation Settlement proceeds), and holders of Unsecured Claims in Class 8 received slightly less than their pro rata share of the Lender Litigation Settlement proceeds.

million for payment of costs and fees associated with the Trusts,² including for pursuit of the ongoing claims. The Litigation Trust will pursue (i) claims asserted, or which could have been asserted, by the Creditors' Committee and that were not released in the Lender Litigation Settlement (including certain claims against directors and officers of the Debtors and against Access Industries and certain of its affiliates) (the "Non-Settling Defendant Claims") and (ii) certain claims to recover preferential payments made to creditors prior to the bankruptcy filings (the "Assigned Preference Claims"). The Creditor Trust will pursue claims of creditors of the Debtors arising under state law against the former shareholders of Lyondell Chemical Company on account of their receipt of cash consideration pursuant to the 2007 merger transaction (the "State Law Avoidance Claims"). As described in the Plan, Holders of Allowed General Unsecured Claims and Allowed 2015 Notes Claims are generally entitled to receive a pro rata share of any net recoveries on (i) Non-Settling Defendant Claims and State Law Avoidance Claims, and (ii) 90% of the Assigned Preference Claims up to the amount of their claims. You may review the Litigation Trust Agreement and the Creditor Trust Agreement on the Plan Documents drop down menu on this website.

Who Manages These Trusts?

Each of the Trusts is governed by a five member Trust Advisory Board. The membership is the same for each Board. Four of the members previously served on the Creditors' Committee. They are: Wilmington Trust Company, the former indenture trustee for the 2015 Notes, represented by Patrick Healy; Law Debenture Trust of New York, the former indenture trustee for the Millennium Notes, represented by Robert L. Bice, II; BASF Corporation, represented by Peter Argiriou; James Schorr, a retired employee of the Debtors; and Paul Silverstein, an attorney with Andrews Kurth, who represented one of the more significant holders of the 2015 Notes during the bankruptcy proceedings.

Edward S. Weisfelner, Esq., a member of Brown Rudnick LLP, who was the Creditors' Committee's lead attorney, was selected as Trustee for both Trusts, subject to the oversight of the Trust Advisory Board. Brown Rudnick is counsel to the Trusts.

What More Specifically Are the Claims the Trusts Will Be Pursuing?

The Assigned Preference Claims. According to the schedules the Debtors filed with the Bankruptcy Court, approximately \$7.5 billion in payments were made by the Debtors within the 90 days prior to filing for bankruptcy. Subject to a number of legal defenses, bankruptcy law provides that the Debtors (or a representative on behalf of the Debtors) may seek to recover these payments as preferential transfers. The Lender Litigation Settlement effected the release of preference claims against certain parties and also included a provision which permitted the Debtors to release preference claims that could otherwise be asserted against certain vendors, customers and other persons with whom the Reorganized Debtors have an ongoing business relationship. The preference claims that are not subject to the foregoing releases are referred to herein (except as described below) as the "Assigned Preference Claims." Based on estimates

² These funds will also defray the costs of the Creditor Representative function, *i.e.* liaison with the Reorganized Debtors with regard to the resolution of disputed claims and distributing cash and stock from the Lender Litigation Settlement to creditors holding disputed claims once such claims become allowed.

made by the bankruptcy advisors for Lyondell Chemical Company regarding payments made in the 90 days prior to the bankruptcy, it appears that the maximum possible recovery on the Assigned Preference Claims is no more than \$170 million, taking into account the Preference Releases. The actual recovery on the Assigned Preference Claims is likely to be significantly less after recipients of allegedly preferential transfers assert various defenses that may be available to them.

The Non-Settling Defendant Claims. Certain of the Non-Settling Defendant Claims were scheduled to be tried as part of the Phase I trial in December 2009 and others were scheduled to be tried during a subsequent Phase II. The Phase I trial, however, was postponed on account of the Lender Litigation Settlement. The trial on these claims may commence as soon as late 2010, but that remains to be determined. The Non-Settling Defendant Claims include claims against Access Industries and related entities including: (i) Claims for approximately \$1.2 billion representing cash consideration paid in the merger (the “Toe Hold Transfers”), (ii) a \$300 million claim based on the repayment within 90 days of the bankruptcy filing of amounts drawn by one of the Debtors under a revolving line of credit (the “Access Revolver”) (which is not included in the Assigned Preference Claims described above), (iii) a claim against Nell Limited for recovery of \$125 million in purported advisory fees in connection with the 2007 merger, and (iv) a breach of contract claim for failure to fund under the Access Revolver, with unspecified damages. The claims regarding the Toe Hold Transfers are subject to a summary judgment motion brought by Nell Limited that has been fully briefed. The Non-Settling Defendant Claims also include claims against former directors and officers of Lyondell entities for recovery of approximately \$270 million in change of control payments associated with the 2007 merger as well as claims for breach of fiduciary duty and mismanagement against former directors and officers of Lyondell entities and of LyondellBasell Industries AF S.C.A., with unspecified damages. Certain of the claims against the directors and officers are also subject to a fully briefed summary judgment motion by the former Lyondell directors and officers.

The State Law Avoidance Claims. The State Law Avoidance Claims seek recovery, as fraudulent transfers, of cash consideration paid in connection with the 2007 merger to former holders of Lyondell common stock. It is anticipated that these claims, which involve a very large number of defendants, will involve significant legal and logistical challenges, including the initial identification of the shareholders potentially liable. Accordingly, the prosecution of the State Law Avoidance Claims may follow a different schedule than the claims to be pursued by the Litigation Trust.

What Additional Recoveries Will I Receive?

There can be no assurance that either Trust will obtain a favorable judgment or settlement with respect to any claim. In addition, if there is a recovery, there can be no assurance as to the timing or amount of any such recovery. The Trusts will only make distributions to beneficiaries if and to the extent that they receive proceeds from the claims, and then only to the extent that the proceeds from such claims exceed any amounts withheld to fund the prosecution of remaining claims and operations of the Trusts. Therefore, it is not possible to predict whether any distributions will be made to the beneficiaries of the Trusts or, if any distributions are made, the timing and amount of those distributions.

What If I Have A Disputed Claim?

Some unsecured creditors may not have received initial distributions of their pro rata share of the Lender Litigation Settlement immediately after the Debtors' emergence from bankruptcy on April 30, 2010. This is most likely because such creditors' claims were contingent or unliquidated, the amount of the claim was disputed by the Debtors, or the creditor was also a preference defendant. The Creditor Representative received about one third of the Lender Litigation Settlement to hold for later distribution on account of such disputed claims. Once these disputed claims become allowed in a fixed amount, the Creditor Representative will distribute to such creditors their pro rata share of the Lender Litigation Settlement and, thereafter, such creditors will be entitled to receive further recoveries, if any, arising from pursuit of the ongoing claims by the Trusts. The Reorganized Debtors will be resolving these disputed claims through negotiation or, if necessary, through the Bankruptcy Court. The Creditor Representative will be closely monitoring the process of disputed claims resolution. It is possible, depending on the results of the claims resolution process, that the Creditor Representative will be able to make a further distribution from the Lender Litigation Settlement to all eligible unsecured creditors.

The Creditor Representative function is managed in the same fashion as the Trusts are managed. You may review the Creditor Representative Plan Supplement on the Plan Documents drop down menu on this website.

Why Have I Been Requested To Submit Tax Forms, a Broker Form and Consent to Email Notification?

Request For Tax Forms. In order to enable the Trusts to make distributions of additional recoveries, if any, in compliance with the Plan and applicable tax law, we are requesting that you complete and return IRS Form W-8 (for creditor/beneficiaries domiciled outside the United States) or IRS Form W-9 (for creditor/beneficiaries domiciled inside the United States).

PLEASE NOTE THAT THE TRUSTS MAY WITHHOLD FURTHER DISTRIBUTIONS TO ANY PERSON THAT FAILS TO RETURN THE APPLICABLE TAX FORM, AS REQUESTED. To the extent that the Trusts have not timely received the applicable tax form from any person, the Trusts will, pursuant to the Plan, reallocate to those holders of Allowed General Unsecured Claims and Allowed 2015 Note Claims that have provided the applicable tax forms.

Request For Broker Information. Distributions on account of disputed claims that have become allowed claims may include Class A Shares of the reorganized company. We cannot provide these shares to you except through a broker. In order to facilitate any future distributions that consist of Class A Shares, we are requesting that you provide us with certain information regarding your broker. If you do not presently have a relationship with a broker, you will have to find a broker. Such information should be submitted to us through the "Broker Information Form" that may be found on this website. If your broker information changes at any time after you have submitted the "Broker Information Form," please fill out and submit the "Broker

Information Update Form” (also available on this website) to advise us of the change. The Trusts will not use the information provided for any other purposes.

Request For Consent To Email Notification. To enable us to more efficiently provide you with documents and/or notice of any events that we would otherwise provide to you via regular mail, we are requesting that you provide us with your email address. You can submit your email address by clicking the "Submit an Inquiry" link above or email it to lbtrust@kccllc.com. Submission of your email address to the Trusts shall constitute consent that any documents and/or notices that the Trusts may send may be provided to you via email. By eliminating the need for regular mailings, the Trusts can reduce costs and enhance your recoveries. The Trusts will not use the information provided for any other purposes.

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