

March 29, 2019

In re Lyondell Chemical Company, et al., Case No. 09-10023

TO: (I) HOLDERS OF GENERAL UNSECURED CLAIMS AGAINST LYONDELL CHEMICAL COMPANY AND ITS AFFILIATED DEBTORS AND (II) TRUST BENEFICIARIES

RE: UPDATE FROM CREDITOR REPRESENTATIVE AND TRUSTEE

I. Update Regarding Remaining Holdings of the Creditor Representative and Trusts.

Pursuant to the plan of reorganization (the “Plan”)¹ confirmed in respect of Lyondell Chemical Company (“Lyondell”) and certain of its affiliates (collectively, the “Debtors”), two trusts – the LB Litigation Trust and the LB Creditor Trust (together, the “Trusts,” and the trustees therefor, the “Trustee”) – were formed for the purpose of pursuing certain causes of action for the benefit of the Trust Beneficiaries.² In addition, the Creditor Representative was established to administer the Plan Settlement Consideration provided under the Plan.³

As detailed in our update to you on or about March 9, 2018 (the “Prior Update”), a copy of which is attached hereto as **Exhibit A**, the Trustee made what was expected to be a final distribution to the Trust Beneficiaries of approximately \$29.75 million in 2018 (the “Third Trust Distribution”). Subsequent to the Third Trust Distribution, the Creditor Representative (jointly with the reorganized Debtors) filed a motion (the “Motion”) with Judge Glenn of the Bankruptcy Court with respect to certain additional amounts of Plan Settlement Consideration that had gone unclaimed to date.⁴

¹ Capitalized terms used but not defined herein have the meanings given them in the Plan.

² “Trust Beneficiaries” refers to the Creditor Trust Beneficiaries and Litigation Trust Beneficiaries – which the Plan defines (in pertinent part) as holders of Allowed (i) Class 7-A Claims (except the holders of the Deficiency Claims on account of the Senior Secured Claims and the Bridge Loan Claims), (ii) Class 7-C Claims (except the Senior/Bridge Guarantee Claims), (iii) Class 7-D Claims (except the Senior/Bridge Deficiency Claims) and (iv) Class 8 Claims.

³ As described in the Disclosure Statement relating to the Plan, the claims originally asserted in the Committee adversary proceeding against the institutions that held the debt incurred in connection with the 2007 merger of Lyondell and Basell AF S.C.A. to form LyondellBasell AF S.C.A. were settled for consideration of \$450 million (payable by the Debtors’ estates under the Plan): (i) \$300 million in cash and (ii) \$150 million in reorganized Lyondell stock (based on the value ascribed to the stock under the Plan – *i.e.*, \$17.61/share) (together, the “Plan Settlement Consideration”).

⁴ *Motion of the Reorganized Debtors, Millennium Custodial Trust and Creditor Representative for an Order Confirming Allocation of Unclaimed Distributions and Requiring the Turnover of Certain Distributions Inadvertently Escheated to Various States*, Docket No. 7541, Case No. 09-10023 (Bankr. S.D.N.Y. June 8, 2018). Specifically, certain distributions to beneficiaries had been retained or escheated to various states in accordance with relevant Plan provisions and law. As holders of the retained and escheated distributions had not claimed their property prior to the expiration of appropriate waiting periods, the Creditor Representative requested (and the Court later permitted) that the assets be returned for distribution to beneficiaries.



The Bankruptcy Court granted the Motion, and the Creditor Representative now holds approximately 44,000 shares of reorganized Lyondell stock, together with approximately \$3.5 million of cash related thereto.⁵ Additional Plan Settlement Consideration may be recovered in the future, believed to be less than approximately 4,000 shares and \$25,000 in cash. Additionally, the Trusts today hold approximately \$1.1 million in cash, in what we described in the Prior Update as the “Wind-Down Costs and Reserve.”⁶ A reconciliation of the Trusts’ assets is attached hereto as **Exhibit B**.

II. Update Regarding Certain Developments Following the Prior Update and Third Trust Distribution.

In July of 2018 and subsequent to the Prior Update and the Third Trust Distribution, the advisory boards to the Creditor Representative and the Trusts (the “Advisory Board”) received a letter from purported beneficiaries of the Trusts, offering to purchase, for \$5 million, purported claims and causes of action allegedly belonging to the Trusts against certain of the Trusts’ professional advisors. Alternatively, these purported beneficiaries demanded that the Trusts appoint an independent trustee to evaluate and prosecute these potential claims.⁷

The Trustee has been informed that the Advisory Board has engaged outside advisors to conduct an investigation of the purported claims discussed above. In an abundance of caution, the Advisory Board has further determined that, until completion of this investigation, no distribution would be made from the Trusts or of the Creditor Representative’s Plan Settlement Consideration. The Advisory Board has not informed the Trustee of the current status of its investigation, despite the passage of an estimated seven months, or when it expects such investigation to conclude.

The Trustee does not believe there are any viable claims or causes of action against his professional advisors. Furthermore, the Trustee believes that if such claims were to be pursued certain of his advisors may have valid indemnity claims against the Trusts and may also have claims over against the Advisory Board. Consequently, unless and until the investigation and any threatened action resulting therefrom conclude, the Trustee does not believe any further distribution from the Trusts would be warranted.

III. Update as to Final Distribution by Creditor Representative.

We will provide a further update as reasonably soon as possible following the conclusion of the Advisory Board’s investigation, which update will be posted on our website (<http://www.kccllc.net/lbtrust>).

⁵ The Plan Settlement Consideration remaining with the Creditor Representative includes those amounts described in our update of March 9, 2018, less amounts distributed as “catch-up” payments since that time, plus amounts recovered thus far in connection with the Motion.

⁶ These figures are exclusive of *de minimis* amounts allocated by the Trustee or Creditor Representative, as applicable, as “catch-up” payments relating to earlier distributions.

⁷ It should be noted that one of the professional advisors targeted in the letter referenced above is the law firm of Brown Rudnick LLP. The Trustee is a partner of Brown Rudnick LLP and has a direct economic interest in that firm.

Following the conclusion of the above-referenced investigation and resolution of any claims pursued as a result of such investigation, the Creditor Representative will make a separate final distribution of all remaining cash and other Plan Settlement Consideration that it holds, if any. Subsequent to these distributions, both the Creditor Representative and the Trusts will be dissolved in accordance with the Plan and the Litigation Trust Agreement, the Creditor Trust Agreement, or the Creditor Representative Plan Supplement (as applicable), with all remaining cash on hand, if any, distributed to the Trust Beneficiaries.

EDWARD S. WEISFELNER,
In His Capacity as Manager of the Creditor
Representative, Trustee of the LB Litigation
Trust, and Trustee of the LB Creditor Trust

By his counsel,

BROWN RUDNICK LLP

/s/ Steven D. Pohl
Steven D. Pohl
Tristan G. Axelrod
One Financial Center
Boston, Massachusetts 02111

March 29, 2019 Trust Update

Exhibit A

March 9, 2018

In re Lyondell Chemical Company, et al., Case No. 09-10023

TO: (I) HOLDERS OF GENERAL UNSECURED CLAIMS AGAINST LYONDELL CHEMICAL COMPANY AND ITS AFFILIATED DEBTORS AND (II) TRUST BENEFICIARIES

RE: (I) NOTICE OF THIRD TRUST DISTRIBUTION AND (II) UPDATE AS TO FINAL DISTRIBUTION BY CREDITOR REPRESENTATIVE

As you are aware, pursuant to the plan of reorganization (the “Plan”¹) confirmed in respect of Lyondell Chemical Company (“Lyondell”) and certain of its affiliates (collectively, the “Debtors”), two trusts – the LB Litigation Trust and the LB Creditor Trust (together, the “Trusts,” and the trustees therefor, the “Trustee”) – were formed for the purpose of pursuing certain causes of action for the benefit of the Trust Beneficiaries.² The purpose of this letter is to provide you notice of the Trustee’s third (and, in all likelihood, final) distribution from the Trusts.

As described in our last update to the Trust Beneficiaries (the “Prior Update”), a copy of which is attached hereto as **Exhibit 1**, as of April 30, 2017, (i) the Trusts together held approximately \$25 million in net proceeds from the settlement of various causes of action and (ii) on August 1, 2017, the Trustee announced a second distribution from the Trusts in the amount of approximately \$12 million.

Since the Prior Update, the Trustee’s Appeal of the Blavatnik Action (each as defined in the Prior Update) has been fully and finally resolved, with the payment of a total of approximately \$21.4 million to the Trusts. A reconciliation of the Trusts’ cash on hand to the Prior Update is attached hereto as **Exhibit 2**.

This month, the Trustee will make a third (and, in all likelihood, final) distribution to the Trust Beneficiaries. Subject to the finalization of the “Wind-Down Costs and Reserve” estimate identified on Exhibit 2 hereto, the third distribution will total approximately **\$29.75 million**.

As with the Trustee’s prior distributions, this third distribution from the Trusts will be made (1) in the case of 2015 Notes Claims, to the 2015 Notes Trustee, for subsequent distribution to the holders of such Claims, (2) in the case of Millennium Notes Claims, to the Millennium Notes Trustee, for subsequent distribution to the holders of such Claims, (3) in the case of Claims of current and former employees of Lyondell, to the Reorganized Debtors, for subsequent distribution to the holders of such Claims and (4) in all other cases, directly by the Trusts’ administrator, Verdolino & Lowey, P.C.

¹ Capitalized terms used but not defined herein have the meanings given them in the Plan.

² “Trust Beneficiaries” refers to the Creditor Trust Beneficiaries and Litigation Trust Beneficiaries – which the Plan defines (in pertinent part) as holders of Allowed (i) Class 7-A Claims (except the holders of the Deficiency Claims on account of the Senior Secured Claims and the Bridge Loan Claims), (ii) Class 7-C Claims (except the Senior/Bridge Guarantee Claims), (iii) Class 7-D Claims (except the Senior/Bridge Deficiency Claims) and (iv) Class 8 Claims.

Following the third distribution from the Trusts, the Creditor Representative will make a separate final distribution of any and all remaining cash and stock Settlement Consideration that it holds.³ The Manager of the Creditor Representative expects to provide a more detailed update with respect to this Settlement Consideration distribution in the coming weeks.

Subsequent to these distributions, both the Creditor Representative and Trusts – which, with the resolution of the Blavatnik Action, have fully administered all causes of action transferred to them – will be dissolved in accordance with the Plan and the Litigation Trust Agreement, the Creditor Trust Agreement, or the Creditor Representative Plan Supplement (as applicable), with all remaining cash on hand, if any, distributed to the Trust Beneficiaries.

EDWARD S. WEISFELNER,
In His Capacity as Manager of the Creditor
Representative, Trustee of the LB Litigation
Trust, and Trustee of the LB Creditor Trust

By his counsel,

BROWN RUDNICK LLP

/s/ Steven D. Pohl

Steven D. Pohl

Brian T. Rice

One Financial Center

Boston, Massachusetts 02111

- and -

Seven Times Square

New York, New York 10036

³ As defined more fully in the Plan, “Settlement Consideration” refers to the \$300 million of cash and \$150 million (at Plan value) of stock in the Reorganized Debtors provided for thereunder.

Exhibit 1

August 1, 2017

TO: (I) HOLDERS OF GENERAL UNSECURED CLAIMS AGAINST LYONDELL CHEMICAL COMPANY AND ITS AFFILIATED DEBTORS AND (II) TRUST BENEFICIARIES

**Re: *In re Lyondell Chemical Company, et al.*, Case No. 09-10023
Notice of Second Trust Distribution**

As you are aware, pursuant to the plan of reorganization (the “Plan”¹) confirmed in respect of Lyondell Chemical Company (“Lyondell”) and certain of its affiliates (collectively, the “Debtors”), two trusts – the LB Litigation Trust (the “Litigation Trust”) and the LB Creditor Trust (together with the Litigation Trust, the “Trusts”) – were formed for the purpose of pursuing certain causes of action for the benefit of the Trust Beneficiaries.²

The purpose of this letter is to provide you notice of the second distribution from the Litigation Trust. As described in our last update to the Trust Beneficiaries (the “Prior Update”), as of April 30, 2017, (i) the Trusts together held approximately \$24 million in net proceeds from the settlement of various causes of action and (ii) the Trustee had determined to pursue an appeal (the “Appeal”) from the Decision in the Blavatnik Action (each as defined therein). A copy of the Trustee’s opening brief in the Appeal, submitted on July 28, is available on the Trusts’ website (<http://www.kccllc.net/lbtrust>).

At the time of the Prior Update, the Trustee was continuing to assess whether and in what amount, subject to necessary reserve for future fees and expenses (including relating to the Appeal), it would be possible to make a second distribution from these settlement proceeds and the portion of the judgment in the Trustee’s favor in the Blavatnik Action.

Today, the Litigation Trust will make an interim distribution of **\$12 million** to the Trust Beneficiaries. As with the Trustee’s first interim distribution, this second interim distribution will be made (1) in the case of 2015 Notes Claims, to the 2015 Notes Trustee, for subsequent distribution to the holders of such Claims, (2) in the case of Millennium Notes Claims, to the Millennium Notes Trustee, for subsequent distribution to the holders of such Claims, (3) in the case of Claims of current and former employees of Lyondell, to the Reorganized Debtors, for subsequent distribution to the holders of such Claims and (4) in all other cases, directly by the Trusts’ administrator, Verdolino & Lowey, P.C. (“V&L”).

Please see the distribution notice from V&L (attached hereto as Exhibit A) for additional information and contact information regarding this second interim distribution.

¹ Capitalized terms used but not defined herein have the meanings given them in the Plan.

² “Trust Beneficiaries” refers to the Creditor Trust Beneficiaries and Litigation Trust Beneficiaries – which the Plan defines (in pertinent part) as holders of Allowed (i) Class 7-A Claims (except the holders of the Deficiency Claims on account of the Senior Secured Claims and the Bridge Loan Claims), (ii) Class 7-C Claims (except the Senior/Bridge Guarantee Claims), (iii) Class 7-D Claims (except the Senior/Bridge Deficiency Claims) and (iv) Class 8 Claims.

EDWARD S. WEISFELNER,
SOLELY IN HIS CAPACITY AS
MANAGER OF THE CREDITOR
REPRESENTATIVE, TRUSTEE OF THE LB
LITIGATION TRUST, AND TRUSTEE OF
THE LB CREDITOR TRUST

By his counsel,

Steven D. Pohl
Brian T. Rice
BROWN RUDNICK LLP
One Financial Center
Boston, Massachusetts 02111

Exhibit A



August 1, 2017

TO: (I) HOLDERS OF ALLOWED GENERAL UNSECURED CLAIMS AGAINST LYONDELL CHEMICAL COMPANY AND ITS AFFILIATED DEBTORS AND (II) OTHER TRUST BENEFICIARIES

In re: Lyondell Chemical Company, et al. - Chapter 11, Case No. 09-10023
Notice of Distribution from the LB Litigation Trust to Holders of Allowed General Unsecured Claims

Dear Creditor:

The purpose of this letter is to notify you of a distribution that is being made from the LB Litigation Trust (the "Trust") to holders of allowed general unsecured claims and other beneficiaries of the Trust.

As you may be aware, Lyondell Chemical Company and certain of its affiliated entities (collectively, the "Debtors") filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code on January 6, 2009. In April 2010, the United States Bankruptcy Court for the Southern District of New York entered an order confirming the Debtors' Third Amended Joint Plan of Reorganization (the "Plan"). On April 30, 2010, the Plan became effective and the Trust was formed.

Since the Plan effective date, the Trust has pursued certain causes of action transferred to it under the Plan, for the benefit of holders of allowed general unsecured claims and other beneficiaries of the Trust. We are pleased to announce that at this time the Trust is now able to make a second distribution to you of approximately 0.48% of your allowed claim amount from recoveries obtained to date in connection these actions. For purposes of effectuating these distributions, the Trustee has retained Verdolino & Lowey, P.C., as Trust Administrator.

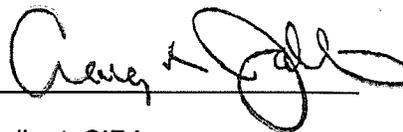
Please redeem your checks promptly, as they will be null and void if not deposited within 120 days of the date of issuance.

We encourage each recipient of this letter to visit the Trust's website at <http://www.kccllc.net/lbtrust>, where the Tenth Status Update for Unsecured Creditors has recently been posted, which along with prior updates, contains more detailed information relating to these ongoing matters. A summary of previous distributions to creditors that have taken place from the Disputed Claims Reserve is also available on the website.

If you have any questions regarding this distribution, please contact Matthew Flynn at mflynn@vlpc.com.

Very truly yours,

VERDOLINO & LOWEY, P.C.,
as Administrator

By: 

Craig R. Jalbert, CIRA

Enclosure

Exhibit 2

Lyondell: LB Litigation Trust, LB Creditor Trust and Creditor Representative Expense Fund			
Statement of Cash Receipts and Disbursements			
From May 1, 2017 through February 28, 2018			
(Unaudited)			
<u>Receipts</u>			
Interest Earned			\$ 114,086
Preference Recoveries			\$ 60,810
Federal Tax Refund			\$ 64,700
Litigation Recoveries			\$ 21,377,234
Total Cash Receipts			\$ 21,616,830
<u>Disbursements</u>			
Administrator Fees & Expenses			\$ 218,454
Bank Fees			\$ 1,322
Consultants/Expert Fees & Expenses			\$ 10,421
Disbursing Agent Fees & Expenses			\$ 5,266
Discovery Web-Hosting			\$ 86,946
Distributions Paid			\$ 11,660,296
Insurance Expense			\$ 91,850
Legal Fees & Expenses (Appeal, Claims, Distribution, Administration)			\$ 1,712,862
Notice Agent			\$ 10,829
Trust Advisory Board			
	Counsel Fees & Expenses	\$ 78,075	
	Fees & Expenses	\$ 225,000	\$ 303,075
Total Cash Disbursements			\$ 14,101,322
Beginning Cash, April 30, 2017			\$ 25,631,413
Ending Cash, February 28, 2018			\$ 33,146,921 ¹
¹ Expected Use of Cash Balance:			
Catch-up Distributions		\$808,289	
Third Distribution		\$29,749,632	
Wind-Down Costs and Reserve (Est.)		\$2,589,000	

March 29, 2019 Trust Update

Exhibit B

Lyondell: LB Litigation Trust, LB Creditor Trust and Creditor Representative Expense Fund			
Statement of Cash Receipts and Disbursements			
From May 1, 2017 through February 28, 2019			
(Unaudited)			
<u>Receipts</u>			
Interest Earned			\$ 123,078
Preference Recoveries (Includes claims assigned to the LB Litigation Trust)			\$ 191,580
Federal Tax Refund			\$ 64,700
Litigation Recoveries			\$ 21,377,234
Total Cash Receipts			\$ 21,756,592
<u>Disbursements</u>			
Administrator Fees & Expenses			\$ 355,486
Bank Fees			\$ 2,246
Consultants/Expert Fees & Expenses			\$ 186,780
Disbursing Agent Fees & Expenses			\$ 5,266
Discovery Web-Hosting			\$ 86,946
Distributions Paid			\$ 41,519,832
Insurance Expense			\$ 183,700
Legal Fees & Expenses (Appeal, Claims, Distribution, Administration)			\$ 1,900,084
Notice Agent			\$ 22,346
Taxes			\$ 52,324
Trust Advisory Board			
	Counsel Fees & Expenses	\$ 305,085	
	Outside Consultants	\$ 275,073	
	Fees & Expenses	\$ 526,985	\$ 1,107,143
Total Cash Disbursements			\$ 45,422,154
Beginning Cash, April 30, 2017			\$ 25,631,413
Ending Cash, February 28, 2019			\$ 1,965,851 ¹
¹ Expected Use of Cash Balance:			
Catch-up Distributions & Distribution Reserves		\$ 873,185	
Wind-Down Costs and Reserve (Est.)		\$ 1,092,666	