

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2019
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-34726

LYONDELLBASELL INDUSTRIES N.V.

(Exact name of registrant as specified in its charter)

Netherlands
(State or other jurisdiction of
incorporation or organization)

98-0646235
(I.R.S. Employer
Identification No.)

**1221 McKinney St.,
Suite 300
Houston, Texas
USA 77010**

**4th Floor, One Vine Street
London
W1J0AH
United Kingdom**

(Addresses of registrant's principal executive offices)

**Delftseplein 27E
3013AA Rotterdam
Netherlands**

(713) 309-7200

+44 (0) 207 220 2600

(Registrant's telephone numbers, including area codes)

+31 (0) 10 2755 500

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange On Which Registered</u>
Ordinary Shares, €0.04 Par Value	LYB	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant had 335,248,065 ordinary shares, €0.04 par value, outstanding at July 31, 2019 (excluding 64,962,215 treasury shares).

LYONDELLBASELL INDUSTRIES N.V.

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PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

LYONDELLBASELL INDUSTRIES N.V.

CONSOLIDATED STATEMENTS OF INCOME

<u>Millions of dollars, except earnings per share</u>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Sales and other operating revenues:				
Trade	\$ 8,828	\$ 9,985	\$ 17,393	\$ 19,515
Related parties	220	221	433	458
	9,048	10,206	17,826	19,973
Operating costs and expenses:				
Cost of sales	7,542	8,290	14,988	16,302
Selling, general and administrative expenses	302	261	589	494
Research and development expenses	27	29	55	57
	7,871	8,580	15,632	16,853
Operating income	1,177	1,626	2,194	3,120
Interest expense	(81)	(91)	(173)	(182)
Interest income	5	15	11	26
Other income, net	10	16	35	40
Income from continuing operations before equity investments and income taxes	1,111	1,566	2,067	3,004
Income from equity investments	64	68	128	164
Income from continuing operations before income taxes	1,175	1,634	2,195	3,168
Provision for (benefit from) income taxes	169	(21)	372	282
Income from continuing operations	1,006	1,655	1,823	2,886
Loss from discontinued operations, net of tax	(3)	(1)	(3)	(1)
Net income	1,003	1,654	1,820	2,885
Dividends on A. Schulman Special Stock	(1)	—	(3)	—
Net income attributable to the Company shareholders	\$ 1,002	\$ 1,654	\$ 1,817	\$ 2,885
Earnings per share:				
Net income (loss) attributable to the Company shareholders —				
Basic:				
Continuing operations	\$ 2.71	\$ 4.23	\$ 4.90	\$ 7.34
Discontinued operations	(0.01)	—	(0.01)	—
	\$ 2.70	\$ 4.23	\$ 4.89	\$ 7.34
Diluted:				
Continuing operations	\$ 2.71	\$ 4.22	\$ 4.89	\$ 7.33
Discontinued operations	(0.01)	—	(0.01)	—
	\$ 2.70	\$ 4.22	\$ 4.88	\$ 7.33

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Millions of dollars	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income	\$ 1,003	\$ 1,654	\$ 1,820	\$ 2,885
Other comprehensive income (loss), net of tax –				
Financial derivatives	(68)	31	(118)	38
Unrealized gains on available-for-sale debt securities	1	—	1	—
Defined benefit pension and other postretirement benefit plans	5	7	10	14
Foreign currency translations	18	(95)	8	(55)
Total other comprehensive loss, net of tax	(44)	(57)	(99)	(3)
Comprehensive income	959	1,597	1,721	2,882
Dividends on A. Schulman Special Stock	(1)	—	(3)	—
Comprehensive income attributable to the Company shareholders	<u>\$ 958</u>	<u>\$ 1,597</u>	<u>\$ 1,718</u>	<u>\$ 2,882</u>

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.
CONSOLIDATED BALANCE SHEETS

<u>Millions of dollars</u>	June 30, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,279	\$ 332
Restricted cash	29	69
Short-term investments	52	892
Accounts receivable:		
Trade, net	3,576	3,355
Related parties	182	148
Inventories	4,685	4,515
Prepaid expenses and other current assets	1,285	1,255
Total current assets	11,088	10,566
Operating lease assets	1,560	—
Property, plant and equipment, at cost	19,989	18,701
Less: Accumulated depreciation	(6,704)	(6,224)
Property, plant and equipment, net	13,285	12,477
Investments and long-term receivables:		
Investment in PO joint ventures	489	469
Equity investments	1,599	1,611
Other investments and long-term receivables	24	23
Goodwill	1,848	1,814
Intangible assets, net	892	965
Other assets	386	353
Total assets	<u>\$ 31,171</u>	<u>\$ 28,278</u>

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.
CONSOLIDATED BALANCE SHEETS

Millions of dollars, except shares and par value data	June 30, 2019	December 31, 2018
LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 4	\$ 5
Short-term debt	2,812	885
Accounts payable:		
Trade	2,584	2,560
Related parties	531	527
Accrued liabilities	1,607	1,536
Total current liabilities	7,538	5,513
Long-term debt	7,586	8,497
Operating lease liabilities	1,304	—
Other liabilities	1,876	1,897
Deferred income taxes	2,008	1,975
Commitments and contingencies		
Redeemable non-controlling interests	116	116
Stockholders' equity:		
Ordinary shares, €0.04 par value, 1,275 million shares authorized, 370,387,374 and 375,696,661 shares outstanding, respectively	22	22
Additional paid-in capital	7,006	7,041
Retained earnings	7,818	6,763
Accumulated other comprehensive loss	(1,462)	(1,363)
Treasury stock, at cost, 29,822,906 and 24,513,619 ordinary shares, respectively	(2,663)	(2,206)
Total Company share of stockholders' equity	10,721	10,257
Non-controlling interests	22	23
Total equity	10,743	10,280
Total liabilities, redeemable non-controlling interests and equity	\$ 31,171	\$ 28,278

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of dollars	Six Months Ended June 30,	
	2019	2018
Cash flows from operating activities:		
Net income	\$ 1,820	\$ 2,885
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	650	599
Amortization of debt-related costs	4	7
Share-based compensation	24	24
Equity investments –		
Equity income	(128)	(164)
Distributions of earnings, net of tax	149	192
Deferred income taxes	110	82
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable	(263)	(324)
Inventories	(173)	9
Accounts payable	(102)	215
Other, net	(248)	(792)
Net cash provided by operating activities	1,843	2,733
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(1,221)	(925)
Purchases of available-for-sale debt securities	—	(50)
Proceeds from sales and maturities of available-for-sale debt securities	511	410
Purchases of equity securities	—	(19)
Proceeds from sales and maturities of equity securities	332	32
Proceeds from settlement of net investment hedges	—	498
Payments for settlement of net investment hedges	—	(473)
Other, net	(78)	(62)
Net cash used in investing activities	(456)	(589)
Cash flows from financing activities:		
Repurchases of Company ordinary shares	(512)	(470)
Dividends paid - common stock	(760)	(787)
Purchase of non-controlling interest	(63)	—
Issuance of short-term debt	2,000	—
Repayment of long-term debt	(1,000)	—
Net repayments of commercial paper	(128)	—
Other, net	(19)	(8)
Net cash used in financing activities	(482)	(1,265)
Effect of exchange rate changes on cash	2	(21)
Increase in cash and cash equivalents and restricted cash	907	858
Cash and cash equivalents and restricted cash at beginning of period	401	1,528
Cash and cash equivalents and restricted cash at end of period	\$ 1,308	\$ 2,386

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

<u>Millions of dollars</u>	<u>Ordinary Shares</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Company Share of Stockholders' Equity</u>	<u>Non- Controlling Interests</u>
	<u>Issued</u>	<u>Treasury</u>					
Balance, March 31, 2019	\$ 22	\$ (2,668)	\$ 6,996	\$ 7,206	\$ (1,418)	\$ 10,138	\$ 22
Net income	—	—	—	1,003	—	1,003	—
Other comprehensive loss	—	—	—	—	(44)	(44)	—
Share-based compensation	—	5	10	(2)	—	13	—
Dividends - common stock (\$1.05 per share)	—	—	—	(388)	—	(388)	—
Dividends - A. Schulman Special Stock (\$15.00 per share)	—	—	—	(1)	—	(1)	—
Balance, June 30, 2019	<u>\$ 22</u>	<u>\$ (2,663)</u>	<u>\$ 7,006</u>	<u>\$ 7,818</u>	<u>\$ (1,462)</u>	<u>\$ 10,721</u>	<u>\$ 22</u>

<u>Millions of dollars</u>	<u>Ordinary Shares</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Company Share of Stockholders' Equity</u>	<u>Non- Controlling Interests</u>
	<u>Issued</u>	<u>Treasury</u>					
Balance, March 31, 2018	\$ 31	\$ (15,865)	\$ 10,186	\$ 16,677	\$ (1,301)	\$ 9,728	\$ 1
Net income	—	—	—	1,654	—	1,654	—
Other comprehensive loss	—	—	—	—	(57)	(57)	—
Share-based compensation	—	5	4	—	—	9	—
Dividends - common stock (\$1.00 per share)	—	—	—	(392)	—	(392)	—
Repurchases of Company ordinary shares	—	(340)	—	—	—	(340)	—
Balance, June 30, 2018	<u>\$ 31</u>	<u>\$ (16,200)</u>	<u>\$ 10,190</u>	<u>\$ 17,939</u>	<u>\$ (1,358)</u>	<u>\$ 10,602</u>	<u>\$ 1</u>

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

<u>Millions of dollars</u>	Ordinary Shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Company Share of Stockholders' Equity	Non- Controlling Interests
	Issued	Treasury					
Balance, December 31, 2018	\$ 22	\$ (2,206)	\$ 7,041	\$ 6,763	\$ (1,363)	\$ 10,257	\$ 23
Net income	—	—	—	1,820	—	1,820	—
Other comprehensive loss	—	—	—	—	(99)	(99)	—
Share-based compensation	—	31	12	(2)	—	41	—
Dividends - common stock (\$2.05 per share)	—	—	—	(760)	—	(760)	—
Dividends - A. Schulman Special Stock (\$30.00 per share)	—	—	—	(3)	—	(3)	—
Repurchases of Company ordinary shares	—	(488)	—	—	—	(488)	—
Purchase of non-controlling interest	—	—	(47)	—	—	(47)	(1)
Balance, June 30, 2019	<u>\$ 22</u>	<u>\$ (2,663)</u>	<u>\$ 7,006</u>	<u>\$ 7,818</u>	<u>\$ (1,462)</u>	<u>\$ 10,721</u>	<u>\$ 22</u>

<u>Millions of dollars</u>	Ordinary Shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Company Share of Stockholders' Equity	Non- Controlling Interests
	Issued	Treasury					
Balance, December 31, 2017	\$ 31	\$ (15,749)	\$ 10,206	\$ 15,746	\$ (1,285)	\$ 8,949	\$ 1
Adoption of accounting standards	—	—	—	95	(70)	25	—
Net income	—	—	—	2,885	—	2,885	—
Other comprehensive loss	—	—	—	—	(3)	(3)	—
Share-based compensation	—	27	12	—	—	39	—
Dividends - common stock (\$2.00 per share)	—	—	—	(787)	—	(787)	—
Repurchases of Company ordinary shares	—	(478)	—	—	—	(478)	—
Purchase of non-controlling interest	—	—	(28)	—	—	(28)	—
Balance, June 30, 2018	<u>\$ 31</u>	<u>\$ (16,200)</u>	<u>\$ 10,190</u>	<u>\$ 17,939</u>	<u>\$ (1,358)</u>	<u>\$ 10,602</u>	<u>\$ 1</u>

See Notes to the Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

LyondellBasell Industries N.V., together with its consolidated subsidiaries (collectively “LyondellBasell N.V.”), 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. Unless otherwise indicated, the “Company,” “we,” “us,” “our” or similar words are used to refer to LyondellBasell N.V.

The accompanying Consolidated Financial Statements are unaudited and have been prepared from the books and records of LyondellBasell N.V. in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X for interim financial information. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States (“U.S. GAAP”) for complete financial statements. In our opinion, all adjustments, including normal recurring adjustments, considered necessary for a fair statement have been included. The results for interim periods are not necessarily indicative of results for the entire year. These Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018.

2. Accounting and Reporting Changes**Recently Adopted Guidance**

The following table provides a brief description of recently adopted Accounting Standard Updates (“ASU”) issued by the Financial Accounting Standards Board (“FASB”). With the exception of the new lease standard, the adoption of the new standards listed below did not have a material impact on our Consolidated Financial Statements.

Standard	Description
ASU 2016-02, <i>Leases</i> (including subsequent amendments)	The new guidance establishes a right-of-use model that requires a lessee to recognize a right-of-use asset and lease liability on the balance sheet for all leases with a term greater than 12 months. Leases are classified as finance or operating, with classification affecting the timing and classification of expense recognition. This guidance also enhances disclosure requirements. This guidance is effective for public entities for annual and interim periods beginning after December 15, 2018. We adopted the new standard in the first quarter of 2019. See Note 8 for the disclosures related to the adoption of this guidance.
ASU 2016-13, <i>Measurement of Credit Losses on Financial Instruments</i> (including subsequent amendments)	This guidance requires financial assets measured at amortized cost basis to be presented at the net amount expected to be collected, resulting in the use of a current expected credit loss (“CECL”) model when measuring an impairment of financial instruments. Credit losses related to available-for-sale securities should be recorded in the consolidated income statement through an allowance for credit losses. Estimated credit losses utilizing the CECL model are based on historical experience, current conditions and forecasts that affect collectability. This ASU also modifies the impairment model for available-for-sale debt securities by eliminating the concept of “other than temporary” as well as providing a simplified accounting model for purchased financial assets with credit deterioration since their origination. The guidance is effective for public entities for annual and interim periods beginning after December 15, 2019. Our early adoption of this guidance, including the subsequent amendments, in the first quarter of 2019 did not have a material impact on our Consolidated Financial Statements.

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Standard	Description
ASU 2018-09, <i>Codification Improvements</i>	This guidance makes minor improvements in various subtopics. Some of the amendments within the ASU do not require transition and are effective upon issuance. However, many of the amendments do have transition guidance with effective dates for annual periods beginning after December 15, 2018 for public entities. Our early adoption of this guidance in the first quarter of 2019 did not have a material impact on our Consolidated Financial Statements.
ASU 2019-04, <i>Codification Improvements to Credit Losses on Financial Instruments; Derivatives and Hedging; and Financial Instruments</i>	The guidance makes minor clarifications and minor improvements to certain aspects of accounting for credit losses, hedging activities and financial instruments. The guidance is effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted. Our early adoption of this guidance on a modified-retrospective basis in the second quarter of 2019 did not have a material impact on our Consolidated Financial Statements.

Accounting Guidance Issued But Not Adopted as of June 30, 2019

We are currently assessing the impact of the standards listed below on our Consolidated Financial Statements.

Standard	Description
ASU 2018-13, <i>Disclosure Framework - Change to the Disclosure Requirements for Fair Value Measurement</i>	This guidance eliminates, adds and modifies certain disclosure requirements for fair value measurements as part of its disclosure framework project. It removes transfer disclosures between Level 1 and Level 2 of the fair value hierarchy, and adds disclosures for the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. The guidance will be effective for all entities for annual and interim periods beginning after December 15, 2019. Early adoption is permitted.
ASU 2018-14, <i>Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans</i>	This guidance changes disclosure requirements for employers that sponsor defined benefit pension and/or other postretirement benefit plans. It eliminates the requirement of certain disclosures that are no longer considered cost beneficial; however, it adds more pertinent disclosures. The guidance will be effective for public entities for annual periods ending after December 15, 2020. Early adoption is permitted.
ASU 2018-15, <i>Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract</i>	This guidance requires a customer in a hosted, cloud computing arrangement that is a service contract to follow the internal-use software guidance to determine which implementation costs to capitalize as assets or expense as incurred. Capitalized costs are amortized over the term of the hosting arrangement when the recognized asset is ready for its intended use. The guidance will be effective for public entities for annual and interim periods beginning after December 15, 2019. Early adoption is permitted.

3. Business Combination

On August 21, 2018, we acquired all of the outstanding common stock of A. Schulman Inc., a Delaware corporation, for an aggregate purchase price of approximately \$1,940 million.

The purchase price was allocated based on the fair value of the acquired assets and liabilities, redeemable non-controlling interests and non-controlling interests assumed on the acquisition date. The allocation is based on preliminary information and is subject to change as additional information concerning final asset and liability valuations is obtained.

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

The primary areas of the preliminary purchase price allocation that have not been finalized relate to the fair value of property, plant and equipment, intangible assets, contingencies and the related impacts on deferred income taxes and cumulative translation adjustments. During the second quarter of 2019, we made certain measurement period adjustments resulting in a \$34 million increase of goodwill. This was primarily due to changes in contingencies and deferred taxes.

4. Revenues

Contract Balances—Contract liabilities were \$152 million and \$138 million at June 30, 2019 and December 31, 2018, respectively. Revenue recognized in the reporting period, included in the contract liability balance at the beginning of the period, was immaterial.

Disaggregation of Revenues—The following table presents our revenues disaggregated by key products for the three and six months ended June 30, 2019 and 2018, respectively:

<u>Millions of dollars</u>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sales and other operating revenues:				
Polyethylene	\$ 1,538	\$ 1,957	\$ 3,204	\$ 3,935
Polypropylene	1,317	1,471	2,632	2,991
Olefins and co-products	745	946	1,493	1,966
Oxyfuels and related products	797	941	1,461	1,736
Intermediate chemicals	705	965	1,345	1,851
PO and derivatives	489	614	1,017	1,225
Compounding and solutions	1,062	584	2,202	1,193
Advanced polymers	196	250	394	478
Refined products	2,011	2,298	3,754	4,300
Other	188	180	324	298
Total	<u>\$ 9,048</u>	<u>\$ 10,206</u>	<u>\$ 17,826</u>	<u>\$ 19,973</u>

The following table presents our revenues disaggregated by geography, based upon the location of the customer, for the three and six months ended June 30, 2019 and 2018, respectively:

<u>Millions of dollars</u>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sales and other operating revenues:				
United States	\$ 4,250	\$ 4,864	\$ 8,143	\$ 9,517
Germany	710	764	1,441	1,585
Mexico	431	600	959	1,078
Italy	385	433	772	827
France	363	397	725	747
China	298	279	596	561
The Netherlands	270	300	522	576
Japan	255	354	458	655
Other	2,086	2,215	4,210	4,427
Total	<u>\$ 9,048</u>	<u>\$ 10,206</u>	<u>\$ 17,826</u>	<u>\$ 19,973</u>

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

5. Accounts Receivable

Our allowance for doubtful accounts receivable, which is reflected in the Consolidated Balance Sheets as a reduction of accounts receivable, was \$16 million at June 30, 2019 and December 31, 2018.

6. Inventories

Inventories consisted of the following components:

<u>Millions of dollars</u>	June 30, 2019	December 31, 2018
Finished goods	\$ 3,140	\$ 3,066
Work-in-process	193	138
Raw materials and supplies	1,352	1,311
Total inventories	<u>\$ 4,685</u>	<u>\$ 4,515</u>

7. Debt

Long-term loans, notes and other long-term debt, net of unamortized discount and debt issuance cost, consisted of the following:

<u>Millions of dollars</u>	June 30, 2019	December 31, 2018
Senior Notes due 2019, \$1,000 million, 5.0%	\$ —	\$ 988
Senior Notes due 2021, \$1,000 million, 6.0% (\$4 million of debt issuance cost)	996	975
Senior Notes due 2024, \$1,000 million, 5.75% (\$6 million of debt issuance cost)	994	993
Senior Notes due 2055, \$1,000 million, 4.625% (\$16 million of discount; \$11 million of debt issuance cost)	973	973
Term Loan due 2022, \$4,000 million	—	—
Guaranteed Notes due 2022, €750 million, 1.875% (\$1 million of discount; \$2 million of debt issuance cost)	852	855
Guaranteed Notes due 2023, \$750 million, 4.0% (\$4 million of discount; \$3 million of debt issuance cost)	743	742
Guaranteed Notes due 2027, \$1,000 million, 3.5% (\$8 million of discount; \$7 million of debt issuance cost)	1,021	964
Guaranteed Notes due 2027, \$300 million, 8.1%	300	300
Guaranteed Notes due 2043, \$750 million, 5.25% (\$20 million of discount; \$7 million of debt issuance cost)	723	722
Guaranteed Notes due 2044, \$1,000 million, 4.875% (\$11 million of discount; \$9 million of debt issuance cost)	980	980
Other	8	10
Total	<u>7,590</u>	<u>8,502</u>
Less current maturities	<u>(4)</u>	<u>(5)</u>
Long-term debt	<u>\$ 7,586</u>	<u>\$ 8,497</u>

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Fair value hedging adjustments associated with the fair value hedge accounting of our fixed-for-floating interest rate swaps for the applicable periods are as follows:

<u>Millions of dollars</u>	Inception Year	Gains (Losses)				Cumulative Fair Value Hedging Adjustments Included in Carrying Amount of Debt	
		Three Months Ended June 30,		Six Months Ended June 30,		June 30,	December 31,
		2019	2018	2019	2018	2019	2018
Senior Notes due 2019, 5.0%	2014	\$ —	\$ (8)	\$ (11)	\$ (9)	\$ —	\$ 11
Senior Notes due 2021, 6.0%	2016	(13)	6	(20)	20	—	20
Guaranteed Notes due 2027, 3.5%	2017	(35)	11	(57)	42	(36)	21
Guaranteed Notes due 2022, 1.875%	2018	(1)	(1)	(1)	(1)	(2)	(1)
Total		<u>\$ (49)</u>	<u>\$ 8</u>	<u>\$ (89)</u>	<u>\$ 52</u>	<u>\$ (38)</u>	<u>\$ 51</u>

The cumulative fair value hedging adjustments remaining at December 31, 2018 associated with our Senior Notes due 2019 included \$7 million for hedges that were discontinued. Fair value adjustments are recognized in Interest expense in the Consolidated Statements of Income.

Short-term loans, notes, and other short-term debt consisted of the following:

<u>Millions of dollars</u>	June 30, 2019	December 31, 2018
\$2,000 million Term Loan	\$ 2,000	\$ —
\$2,500 million Senior Revolving Credit Facility	—	—
\$900 million U.S. Receivables Facility	—	—
Commercial paper	681	809
Precious metal financings	128	71
Other	3	5
Total short-term debt	<u>\$ 2,812</u>	<u>\$ 885</u>

Long-Term Debt

Three-Year Term Loan due 2022—In March 2019, LYB Americas Finance Company LLC (“LYB Americas Finance”), a wholly owned subsidiary of LyondellBasell Industries N.V., entered into a three-year \$4,000 million senior unsecured delayed draw term loan credit facility that matures in March 2022. Borrowings under the credit agreement may be made on up to six occasions by December 31, 2019. Proceeds under this credit agreement, which is fully and unconditionally guaranteed by LyondellBasell Industries. N.V., may be used for general corporate purposes.

Borrowings under the credit agreement bear interest at either a base rate or LIBOR rate, as defined, plus in each case, an applicable margin determined by reference to LyondellBasell Industries N.V.’s current credit ratings.

The credit agreement contains customary representations and warranties and contains certain restrictive covenants regarding, among other things, secured indebtedness, subsidiary indebtedness, mergers and sales of assets. In addition, 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.

LYONDELLBASELL INDUSTRIES N.V.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

Senior Notes due 2019—In February 2019, proceeds from the new senior unsecured term loan credit agreement discussed below were used to redeem the remaining \$1,000 million outstanding of our 5% Senior Notes due 2019 at par. In conjunction with the redemption of these notes, we recognized non-cash charges of less than \$1 million for unamortized debt issuance costs and \$8 million for the write-off of the cumulative fair value hedge accounting adjustment related to the redeemed notes.

Short-Term Debt

Term Loan due 2020—In February 2019, LYB Americas Finance, entered into a 364-day, \$2,000 million senior unsecured term loan credit agreement and borrowed the entire amount. The proceeds of this term loan, which is fully and unconditionally guaranteed by LyondellBasell Industries N.V., were used for general corporate purposes, including the repayment of debt.

Borrowings under the credit agreement will bear interest at either a base rate or LIBOR rate, as defined, plus in each case, an applicable margin determined by reference to LyondellBasell Industries N.V.'s current credit ratings.

The credit agreement contains customary covenants and warranties, including specified restrictions on indebtedness, including secured and subsidiary indebtedness, and merger and sales of assets. In addition, 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.

Senior Revolving Credit Facility—Our \$2,500 million revolving credit facility, which expires in June 2022, may be used for dollar and euro denominated borrowings, has a \$500 million sublimit for dollar and euro denominated letters of credit, a \$1,000 million uncommitted accordion feature, and supports our commercial paper program. The aggregate balance of outstanding borrowings, including amounts outstanding under our commercial paper program, and letters of credit under this facility may not exceed \$2,500 million at any given time. Borrowings under the facility bear interest at either a base rate or LIBOR rate, 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 and liens. In addition, 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.

Commercial Paper Program—We have a commercial paper program under which we may issue up to \$2,500 million of privately placed, unsecured, short-term promissory notes ("commercial paper"). This program is backed by our \$2,500 million Senior Revolving Credit Facility. Proceeds from the issuance of commercial paper may be used for general corporate purposes, including dividends and share repurchases. Interest rates on the commercial paper outstanding at June 30, 2019 are based on the terms of the notes and range from 2.49% to 2.55%.

U.S. Receivables Facility—Our U.S. accounts receivable facility, which expires in July 2021, has a purchase limit of \$900 million in addition to a \$300 million uncommitted accordion feature. This facility provides liquidity through the sale or contribution of trade receivables by certain of our U.S. subsidiaries to a wholly owned, bankruptcy-remote subsidiary on an ongoing basis and without recourse. The bankruptcy-remote subsidiary may then, at its option and subject to a borrowing base of eligible receivables, sell undivided interests in the pool of trade receivables to financial institutions participating in the facility. In the event of 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. This facility also provides for the issuance of letters of credit up to \$200 million. The term of the facility may be extended in accordance with the terms 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 the parent company. Additional fees are incurred for the average daily unused commitments.

At June 30, 2019, there were no borrowings or letters of credit under the facility.

LYONDELLBASELL INDUSTRIES N.V.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

Weighted Average Interest Rate—At June 30, 2019 and December 31, 2018, our weighted average interest rate on outstanding short-term debt was 3.4% and 3.1%, respectively.

Debt Discount and Issuance Costs—For the six months ended June 30, 2019 and 2018, amortization of debt discounts and debt issuance costs resulted in amortization expense of \$4 million and \$7 million, respectively, which is included in Interest expense in the Consolidated Statements of Income.

Other Information—LYB International Finance III, LLC is a direct, 100% owned finance subsidiary of LyondellBasell N.V., as defined in Rule 3-10(b) of Regulation S-X. Any debt securities issued by LYB International Finance III, LLC will be fully and unconditionally guaranteed by LyondellBasell N.V.

As of June 30, 2019, we are in compliance with our debt covenants.

In June 2019, we commenced a modified Dutch Auction tender offer (“tender offer”) to purchase up to 37.0 million of our issued and outstanding shares. In July 2019, upon the expiration of the tender offer, we repurchased 35.1 million ordinary shares. We financed the share repurchase by utilizing \$1,000 million from our Term Loan due 2022, \$500 million from our U.S. Receivables Facility, and \$1,280 million from our Commercial Paper Program, with the remainder funded by operating cash.

8. Leases

Adoption of the New Lease Accounting Guidance—On January 1, 2019, we adopted ASC 842, *Leases* and related amendments using the modified retrospective method. Upon adoption, we recognized Operating lease assets and Operating lease liabilities of \$1,533 million and \$1,553 million, respectively. We also reduced Accrued liabilities and Other liabilities by \$2 million and \$18 million, respectively. The adoption of this new guidance did not have a material impact on our Consolidated Statements of Income or Cash Flows.

We elected the practical expedients that permit us not to reassess our prior conclusions about lease identification, lease classification, initial direct costs and whether existing land easements that were not previously accounted for as leases under previous accounting standards are, or contain a lease under the new standard. We also elected the practical expedient to account for lease and associated non-lease components as a single lease component asset for all asset classes with the exception of utilities and pipeline assets within major manufacturing equipment, which do not have a material impact on our Consolidated Financial Statements.

Comparative financial information has not been restated and continues to be reported under the accounting standards in effect for those periods.

At inception of a contract, we determine if the contract contains a lease. When a lease is identified, we recognize a right-of-use asset and a corresponding lease liability based on the present value of the lease payments over the lease term discounted using our incremental borrowing rate, unless an implicit rate is readily determinable. Lease payments include fixed and variable lease components. Variable components are derived from usage or market-based indices, such as the consumer price index. Options to extend or terminate the lease are reflected in the lease payments and lease term when it is reasonably certain that we will exercise those options. Leases with an initial term of 12 months or less are not recorded on the balance sheet. We recognize lease expense on a straight-line basis over the lease term.

Operating Leases—The majority of our leases are operating leases. We lease storage tanks, terminal facilities, land, office facilities, railcars, pipelines, barges, plant equipment and other equipment. As of June 30, 2019, our Operating lease assets were \$1,560 million. Operating lease liabilities totaled \$1,582 million of which \$278 million are current and recorded in Accrued liabilities. These values were derived using a weighted average discount rate of 4.2%.

Our operating leases have remaining lease terms ranging from less than 1 year to 30 years and have a weighted-average remaining lease term of 7 years. While extension clauses included in our leases do not materially impact our Operating lease assets or Operating lease liabilities, certain leases include options to extend the lease for up to 20 years.

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Maturities of operating lease liabilities as of June 30, 2019 are as follows:

<u>Millions of dollars</u>		
Last six months of 2019	\$	176
2020		311
2021		262
2022		223
2023		194
Thereafter		704
Total lease payments		1,870
Less: Imputed interest		(288)
Present value of lease liabilities	\$	1,582

The following table presents the components of operating lease cost for the three and six months ended June 30, 2019:

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
<u>Millions of dollars</u>		
Operating lease cost	\$ 90	\$ 180
Short-term lease cost	33	73
Variable lease cost	19	36
Net operating lease cost	\$ 142	\$ 289

Cash paid for operating lease liabilities totaled \$183 million for the six months ended June 30, 2019. Leased assets obtained in exchange for new operating lease liabilities, including all leases recognized upon adoption of the new lease accounting standard, totaled \$1,790 million for the six months ended June 30, 2019.

As of June 30, 2019, we have entered into additional operating leases, with an undiscounted value of \$558 million, primarily for storage tanks related to our new PO/TBA plant at our Channelview, Texas facility. These leases, which will commence between the second half of 2019 and 2022, have lease terms ranging from 2 to 20 years.

Lease Commitments—As of December 31, 2018, the undiscounted aggregate future estimated payments for our operating lease commitments, including those which have not commenced, and those with an initial term of 12 months or less, were as follows:

<u>Millions of dollars</u>		
2019	\$	365
2020		288
2021		256
2022		236
2023		204
Thereafter		1,126
Total minimum lease payments	\$	2,475

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

9. Financial Instruments and Fair Value Measurements

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.

A summary of our financial instruments, risk management policies, derivative instruments, hedging activities and fair value measurement can be found in Notes 2 and 15 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2018. If applicable, updates have been included in the respective sections below.

At June 30, 2019 and December 31, 2018, we had marketable securities classified as Cash and cash equivalents of \$308 million and \$19 million, respectively.

Foreign Currency Gain (Loss)—Other income, net, in the Consolidated Statements of Income reflected foreign currency gains of \$3 million and \$14 million, and \$3 million and \$9 million for the three and six months ended June 30, 2019 and 2018, respectively.

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Financial Instruments Measured at Fair Value on a Recurring Basis—The following table summarizes financial instruments outstanding as of June 30, 2019 and December 31, 2018 that are measured at fair value on a recurring basis:

	June 30, 2019		December 31, 2018		
Millions of dollars	Notional Amount	Fair Value	Notional Amount	Fair Value	Balance Sheet Classification
Assets—					
Derivatives designated as hedges:					
Commodities	\$ 525	\$ 6	\$ 472	\$ 12	Prepaid expenses and other current assets
Foreign currency	—	26	—	27	Prepaid expenses and other current assets
Foreign currency	2,000	166	2,000	117	Other assets
Interest rates	—	20	600	33	Prepaid expenses and other current assets
Interest rates	1,742	39	143	1	Other assets
Derivatives not designated as hedges:					
Commodities	26	—	35	5	Prepaid expenses and other current assets
Foreign currency	360	—	599	3	Prepaid expenses and other current assets
Non-derivatives:					
Available-for-sale debt securities	52	52	567	567	Short-term investments
Equity securities	—	—	322	325	Short-term investments
Total	<u>\$ 4,705</u>	<u>\$ 309</u>	<u>\$ 4,738</u>	<u>\$ 1,090</u>	
Liabilities—					
Derivatives designated as hedges:					
Commodities	\$ —	\$ —	\$ 4	\$ —	Accrued liabilities
Foreign currency	—	17	—	17	Accrued liabilities
Foreign currency	950	74	950	75	Other liabilities
Interest rates	1,000	125	1,400	16	Accrued liabilities
Interest rates	900	61	2,500	45	Other liabilities
Derivatives not designated as hedges:					
Commodities	180	19	63	14	Accrued liabilities
Foreign currency	428	1	1,165	7	Accrued liabilities
Non-derivatives:					
Performance share units	—	—	29	29	Accrued liabilities
Total	<u>\$ 3,458</u>	<u>\$ 297</u>	<u>\$ 6,111</u>	<u>\$ 203</u>	

Commodity derivatives designated as hedges are classified as Level 1. As of June 30, 2019, these commodity derivatives had notional and fair values of \$525 million and \$6 million, respectively. Our investments in equity securities discussed below are measured at fair value using the net asset value per share, or its equivalent, practical expedient and have not been classified in the fair value hierarchy. All other derivatives and available-for-sale debt securities in the tables above are classified as Level 2.

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

At June 30, 2019, our outstanding foreign currency and commodity contracts, not designated as hedges, mature from July 2019 to August 2019, and July 2019, respectively.

Financial Instruments Not Measured at Fair Value on a Recurring Basis—Due to the short maturity, the fair value of all non-derivative financial instruments included in Current assets and Current liabilities approximates the applicable carrying value. Current assets include Cash and cash equivalents, Restricted cash, held-to-maturity time deposits and Accounts receivable. Current liabilities include Accounts payable and commercial paper.

The following table presents the carrying value and estimated fair value of our financial instruments that are not measured at fair value on a recurring basis as of June 30, 2019 and December 31, 2018. Short-term loans receivable, which represent our repurchase agreements, and short-term and long-term debt are recorded at amortized cost in the Consolidated Balance Sheets. The carrying and fair values of short-term and of long-term debt exclude finance leases and commercial paper.

<u>Millions of dollars</u>	June 30, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Non-derivatives:				
Assets:				
Short-term loans receivable	\$ 541	\$ 541	\$ 544	\$ 544
Liabilities:				
Short-term debt	\$ 2,128	\$ 2,142	\$ 71	\$ 77
Long-term debt	7,582	8,176	8,492	8,476
Total	\$ 9,710	\$ 10,318	\$ 8,563	\$ 8,553

All financial instruments in the table above are classified as Level 2. There were no transfers between Level 1 and Level 2 for any of our financial instruments during the six months ended June 30, 2019 and the year ended December 31, 2018.

Net Investment Hedges—At June 30, 2019 and December 31, 2018, we had outstanding foreign currency contracts with an aggregate notional value of €617 million (\$650 million) designated as net investment hedges. We also had outstanding foreign-currency denominated debt designated as a net investment hedge with notional amounts totaling €750 million (\$853 million) and €750 million (\$858 million), respectively, as of June 30, 2019 and December 31, 2018.

Cash Flow Hedges—The following table summarizes our cash flow hedges outstanding at June 30, 2019 and December 31, 2018:

<u>Millions of dollars</u>	June 30, 2019	December 31, 2018	Expiration Date
	Notional Value	Notional Value	
Foreign currency	\$ 2,300	\$ 2,300	2021 to 2027
Interest rates	1,500	1,500	2020 to 2021
Commodities	525	476	2019

In February 2019, we entered into forward-starting interest rate swaps with a total notional amount of \$1,000 million to mitigate the risk of variability in interest rates for an expected debt issuance by February 2020. These swaps were designated as cash flow hedges and will be terminated upon debt issuance. Additionally, concurrent with the redemption of \$1,000 million of our then outstanding 5% senior notes due 2019, we received \$4 million in settlement of \$1,000 million of forward-starting interest rate swaps designated as cash flow hedges of forecasted interest payments to begin on or before April 15, 2019.

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

In January and February of 2019, we entered into commodity futures contracts with total notional amounts of \$78 million and \$97 million, respectively, to mitigate the risk of variability in feedstock prices and product sales prices for 2019.

In 2019, we paid \$5 million in settlement of commodity futures contracts hedging the risk of variability in feedstock prices with a total notional amount of \$137 million. Additionally, we received \$8 million in settlement of commodity futures contracts hedging the risk of variability in product sales prices with a total notional amount of \$127 million.

As of June 30, 2019, on a pre-tax basis, \$1 million, \$11 million, and \$5 million are scheduled to be reclassified from Accumulated other comprehensive loss as increases to interest expense, revenues and cost of sales, respectively, over the next twelve months.

Fair Value Hedges—In February 2019, concurrent with the redemption of \$1,000 million of our then outstanding 5% senior notes due 2019, we paid \$5 million in settlement of \$1,000 million of fixed-for-floating interest rate swaps.

We had outstanding interest rate contracts with aggregate notional amounts of \$2,142 million and \$3,143 million at June 30, 2019 and December 31, 2018, respectively. These fair value hedges have maturities ranging from 2021 to 2027 as of June 30, 2019.

Impact on Earnings and Other Comprehensive Income—The following tables summarize the pre-tax effects of derivative instruments and non-derivative instruments on Other comprehensive income and earnings for the three and six months ended June 30, 2019 and 2018:

Millions of dollars	Effects of Financial Instruments							
	Three Months Ended June 30,							
	Gain (Loss) Recognized in AOCI		Gain (Loss) Reclassified from AOCI to Income		Gain (Loss) Recognized in Income		Income Statement Classification	
	2019	2018	2019	2018	2019	2018		
Derivatives designated as hedges:								
Commodities	\$ 9	\$ —	\$ (2)	\$ —	\$ —	\$ —	Sales and other operating revenues	
Commodities	(8)	9	—	—	—	—	Cost of sales	
Foreign currency	(19)	212	26	(124)	15	19	Other income, net; Interest expense	
Interest rates	(105)	17	—	—	46	(16)	Interest expense	
Derivatives not designated as hedges:								
Commodities	—	—	—	—	1	(2)	Sales and other operating revenues	
Commodities	—	—	—	—	(22)	13	Cost of sales	
Foreign currency	—	—	—	—	(3)	36	Other income, net	
Non-derivatives designated as hedges:								
Long-term debt	(11)	50	—	—	—	—	Other income, net	
Total	\$ (134)	\$ 288	\$ 24	\$ (124)	\$ 37	\$ 50		

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

<u>Millions of dollars</u>	Effects of Financial Instruments						Income Statement Classification
	Six Months Ended June 30,						
	Gain (Loss) Recognized in AOCI		Gain (Loss) Reclassified from AOCI to Income		Gain (Loss) Recognized in Income		
	2019	2018	2019	2018	2019	2018	
Derivatives designated as hedges:							
Commodities	(41)	—	(8)	—	—	—	Sales and other operating revenues
Commodities	38	6	4	4	—	—	Cost of sales
Foreign currency	51	87	(13)	(62)	32	32	Other income, net; Interest expense
Interest rates	(179)	67	(4)	—	73	(60)	Interest expense
Derivatives not designated as hedges:							
Commodities	—	—	—	—	3	(1)	Sales and other operating revenues
Commodities	—	—	—	—	(19)	9	Cost of sales
Foreign currency	—	—	—	—	16	16	Other income, net
Non-derivatives designated as hedges:							
Long-term debt	5	25	—	—	—	—	Other income, net
Total	\$ (126)	\$ 185	\$ (21)	\$ (58)	\$ 105	\$ (4)	

The derivative amounts excluded from effectiveness testing for foreign currency contracts designated as net investment hedges recognized in other comprehensive income for the three and six months ended June 30, 2019 were losses of \$5 million and \$3 million, respectively, and for the three and six months ended June 30, 2018 were gains of \$11 million and \$15 million, respectively.

The derivative amounts excluded from effectiveness testing for foreign currency contracts designated as net investment hedges recognized in interest expense for the three and six months ended June 30, 2019 were gains of \$5 million and \$10 million, respectively, and for the three and six months ended June 30, 2018 were gains of \$8 million and \$13 million, respectively.

The pre-tax effect of the periodic receipt of fixed interest and payment of variable interest associated with our fixed-for-floating interest rate swaps resulted in a \$2 million and \$5 million increase in interest expense during the three and six months ended June 30, 2019, respectively, and a \$1 million increase in interest expense during the three months ended June 30, 2018 and a \$2 million decrease in interest expense during the six months ended June 30, 2018.

Investments in Available-for-Sale Debt Securities—The following tables summarize the amortized cost, gross unrealized gains and losses, and fair value of our available-for-sale debt securities that are outstanding as of June 30, 2019 and December 31, 2018:

<u>Millions of dollars</u>	June 30, 2019			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities:				
Bonds	\$ 52	\$ —	\$ —	\$ 52

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

<u>Millions of dollars</u>	December 31, 2018			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities:				
Bonds	\$ 567	\$ —	\$ —	\$ 567

No allowance for credit losses related to our available-for-sale debt securities was recorded for the six months ended June 30, 2019. No losses related to other-than-temporary impairments of our available-for-sale debt securities were recorded in Accumulated other comprehensive income for the year ended December 31, 2018.

The proceeds from maturities and sales of our available-for-sale-debt securities during the three and six months ended June 30, 2019 and 2018 are summarized in the following table:

<u>Millions of dollars</u>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Proceeds from maturities of available-for-sale debt securities	\$ 23	\$ 75	\$ 331	\$ 410
Proceeds from sales of available-for-sale debt securities	180	—	180	—

The gross realized gains and losses associated with the sale of available-for-debt securities during the three and six months ended June 30, 2019 were less than \$1 million in each respective period.

We had no available-for-sale debt securities which were in a continuous unrealized loss position for less than or greater than twelve months, respectively, as of June 30, 2019. The following table summarizes the fair value and unrealized losses related to available-for-sale debt securities that were in a continuous unrealized loss position for less than and greater than twelve months as of December 31, 2018:

<u>Millions of dollars</u>	December 31, 2018			
	Less than 12 months		Greater than 12 months	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Available-for-sale debt securities:				
Bonds	\$ 118	\$ (1)	\$ 45	\$ —

Investments in Equity Securities—We received proceeds of \$170 million and \$332 million related to the sale of our investments in equity securities during the three and six months ended June 30, 2019, respectively, and \$32 million during the three and six months ended June 30, 2018. At June 30, 2019, we had no outstanding investment in equity securities. At December 31, 2018, we had investments in equity securities with a notional amount of \$322 million and fair value of \$325 million.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

The following table summarizes the portion of unrealized gains and losses for the equity securities that are outstanding as of June 30, 2019 and 2018:

<u>Millions of dollars</u>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net gains (losses) recognized during the period	\$ (1)	\$ 10	\$ 6	\$ 9
Less: Net gains recognized during the period on securities sold	8	1	9	1
Unrealized gains (losses) recognized during the period	<u>\$ (9)</u>	<u>\$ 9</u>	<u>\$ (3)</u>	<u>\$ 8</u>

10. Income Taxes

Our effective income tax rate for the three months ended June 30, 2019 was 14.4% compared with -1.3% for the three months ended June 30, 2018. For the six months ended June 30, 2019, the effective income tax rate was 16.9% compared with 8.9% for the first six months ended June 30, 2018. Our effective income tax rate fluctuates based on, among other factors, changes in statutory tax rates, changes in pretax income in countries with varying statutory tax rates, changes in valuation allowances, changes in foreign exchange gains/losses, changes in the amount of exempt income and changes in unrecognized tax benefits associated with uncertain tax positions.

Compared with the three and six months ended June 30, 2018, the higher effective tax rate for the three and six months ended June 30, 2019 was primarily attributable to changes in unrecognized tax benefits associated with uncertain tax positions, partially offset by a tax benefit related to research and development activities.

We operate in multiple jurisdictions throughout the world, and our tax returns are periodically audited or subjected to review by tax authorities. We are currently under examination in a number of tax jurisdictions. As a result, there is an uncertainty in income taxes recognized in our financial statements. Positions challenged by the tax authorities may be settled or appealed by us. During the three months ended June 30, 2018, we entered into an audit settlement impacting specific uncertain tax positions. This audit settlement resulted in a \$346 million non-cash benefit to our effective tax rate consisting of the recognition of \$288 million of previously unrecognized tax benefits as a reduction for tax positions of prior years and the release of \$58 million of previously accrued interest. This non-cash reduction in unrecognized tax benefits is reflected on our Consolidated Statements of Cash Flows in Other operating activities. Tax benefits totaling \$275 million and \$269 million were unrecognized as of June 30, 2019 and December 31, 2018, respectively. It is reasonably possible that, within the next twelve months, due to the settlement of uncertain tax positions with various tax authorities and the expiration of statutes of limitations, unrecognized tax benefits could decrease by up to approximately \$105 million.

We monitor income tax developments in countries where we conduct business. In 2017, the U.S. enacted “H.R.1,” also known as the “Tax Cuts and Jobs Act” (the “Tax Act”) materially impacting our Consolidated Financial Statements by, among other things, decreasing the tax rate, and significantly affecting future periods. To determine the full effects of the tax law, we are awaiting the finalization of several proposed U.S. Treasury regulations under the Tax Act that were issued during 2018 and 2019. In prior years, the Company did not assert permanent reinvestment of our foreign earnings. However, as a result of the U.S. Section 245A temporary regulations, the Company does intend to permanently reinvest approximately \$565 million of our non-U.S. earnings. Repatriation of these earnings to the U.S. in the future could result in a \$60 million tax impact. Prior to the issuance of the retroactive temporary regulations, the non-U.S. earnings on the permanent reinvestment could have been distributed tax free.

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

11. Commitments and Contingencies

Commitments—We have various purchase commitments for materials, supplies and services incidental 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. At June 30, 2019, capital expenditure commitments were incurred in our normal course of business, including commitments of approximately \$484 million primarily related to building our new PO/TBA plant on the Texas Gulf Coast.

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.

Environmental Remediation—Our accrued liability for future environmental remediation costs at current and former plant sites and other remediation sites totaled \$127 million and \$90 million as of June 30, 2019 and December 31, 2018, respectively. At June 30, 2019, the accrued liabilities for individual sites range from less than \$1 million to \$16 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.

Indemnification—We are parties to various indemnification arrangements, including arrangements entered into in connection with acquisitions, divestitures and the formation and dissolution 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 June 30, 2019, 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.

As part of our technology licensing contracts, we give indemnifications to our licensees for liabilities arising from possible patent infringement claims with respect to certain proprietary licensed technologies. Such indemnifications have a stated maximum amount and generally cover a period of 5 to 10 years.

12. Stockholders' Equity and Redeemable Non-controlling Interests

Stockholders' Equity

Dividend Distributions—The following table summarized the dividends paid in the periods presented:

<u>Millions of dollars, except per share amounts</u>	<u>Dividend Per Ordinary Share</u>	<u>Aggregate Dividends Paid</u>	<u>Date of Record</u>
March	\$ 1.00	\$ 372	March 4, 2019
June	1.05	388	June 10, 2019
	<u>\$ 2.05</u>	<u>\$ 760</u>	

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

In February and May 2019, we paid a cash dividend of \$15.00 per share for an aggregate of \$3 million related to dividends on A. Schulman Special Stock to shareholders of record as of January 15, 2019 and April 15, 2019, respectively.

Share Repurchase Programs—In May 2019, our shareholders approved a proposal to authorize us to repurchase up to 37.0 million of our ordinary shares through November 30, 2020 (“May 2019 Share Repurchase Program”), which superseded the remaining authorization under our June 2018 Share Repurchase Program. The timing and amount of these repurchases, which are determined based on our evaluation of market conditions and other factors, may be executed from time to time through open market or privately negotiated transactions. The repurchased shares, which are recorded at cost, are classified as Treasury stock and may be retired or used for general corporate purposes, including for various employee benefit and compensation plans.

In June 2019, we commenced a tender offer to purchase up to 37.0 million of our issued and outstanding ordinary shares. In July 2019, upon the expiration of the tender offer, we repurchased 35.1 million ordinary shares at a tender offer price of \$88.00 per share for a total of \$3,093 million, excluding fees and expenses related to the tender offer.

The following table summarizes our share repurchase activity for the periods presented:

Six Months Ended June 30, 2019			
<u>Millions of dollars, except shares and per share amounts</u>	Shares Repurchased	Average Purchase Price	Total Purchase Price, Including Commissions
June 2018 Share Repurchase Program	5,648,900	\$ 86.38	\$ 488
	5,648,900	\$ 86.38	\$ 488

Six Months Ended June 30, 2018			
<u>Millions of dollars, except shares and per share amounts</u>	Shares Repurchased	Average Purchase Price	Total Purchase Price, Including Commissions
May 2017 Share Repurchase Program	4,004,753	\$ 106.05	\$ 425
June 2018 Share Repurchase Program	482,863	111.16	53
	4,487,616	\$ 106.60	\$ 478

Due to the timing of settlements, total cash paid for share repurchases for the six months ended June 30, 2019 and 2018 was \$512 million and \$470 million, respectively.

Ordinary Shares—The changes in the outstanding amounts of ordinary shares are as follows:

	Six Months Ended June 30,	
	2019	2018
Ordinary shares outstanding:		
Beginning balance	375,696,661	394,512,054
Share-based compensation	256,140	264,671
Employee stock purchase plan	83,473	54,174
Purchase of ordinary shares	(5,648,900)	(4,487,616)
Ending balance	370,387,374	390,343,283

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Treasury Shares—The changes in the amounts of treasury shares held by the Company are as follows:

	Six Months Ended June 30,	
	2019	2018
Ordinary shares held as treasury shares:		
Beginning balance	24,513,619	183,928,109
Share-based compensation	(256,140)	(264,671)
Employee stock purchase plan	(83,473)	(54,174)
Purchase of ordinary shares	5,648,900	4,487,616
Ending balance	29,822,906	188,096,880

Accumulated Other Comprehensive Income (Loss)—The components of, and after-tax changes in, Accumulated other comprehensive loss as of and for the six months ended June 30, 2019 and 2018 are presented in the following tables:

<u>Millions of dollars</u>	Financial Derivatives	Unrealized Gains on Available -for-Sale Debt Securities	Defined Benefit Pension and Other Postretirement Benefit Plans	Foreign Currency Translation Adjustments	Total
Balance – January 1, 2019	\$ (68)	\$ —	\$ (442)	\$ (853)	\$ (1,363)
Other comprehensive income (loss) before reclassifications	(129)	1	—	14	(114)
Tax (expense) benefit before reclassifications	29	—	—	(6)	23
Amounts reclassified from accumulated other comprehensive income (loss)	(21)	—	14	—	(7)
Tax (expense) benefit	3	—	(4)	—	(1)
Net other comprehensive income (loss)	(118)	1	10	8	(99)
Balance – June 30, 2019	\$ (186)	\$ 1	\$ (432)	\$ (845)	\$ (1,462)

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

<u>Millions of dollars</u>	Financial Derivatives	Unrealized Gains on Equity Securities and Equity Securities Held by Equity Investees	Defined Benefit Pension and Other Postretirement Benefit Plans	Foreign Currency Translation Adjustments	Total
Balance – January 1, 2018	\$ (120)	\$ 17	\$ (421)	\$ (761)	\$ (1,285)
Adoption of accounting standards	(2)	(17)	(51)	—	(70)
Other comprehensive income (loss) before reclassifications	99	—	—	(41)	58
Tax expense before reclassifications	(18)	—	—	(14)	(32)
Amounts reclassified from accumulated other comprehensive income (loss)	(58)	—	17	—	(41)
Tax (expense) benefit	15	—	(3)	—	12
Net other comprehensive income (loss)	38	—	14	(55)	(3)
Balance – June 30, 2018	<u>\$ (84)</u>	<u>\$ —</u>	<u>\$ (458)</u>	<u>\$ (816)</u>	<u>\$ (1,358)</u>

The amounts reclassified out of each component of Accumulated other comprehensive loss are as follows:

<u>Millions of dollars</u>	Three Months Ended June 30,		Six Months Ended June 30,		Affected Line Item on the Consolidated Statements of Income
	2019	2018	2019	2018	
Reclassification adjustments for:					
Financial derivatives:					
Foreign currency	\$ 26	\$ (124)	\$ (13)	\$ (62)	Other income, net
Commodities	(2)	—	(8)	—	Sales and other operating revenue
Commodities	—	—	4	4	Cost of sales
Interest rates	—	—	(4)	—	Interest expense
Income tax expense (benefit)	7	(30)	(3)	(15)	Provision for income taxes
Financial derivatives, net of tax	17	(94)	(18)	(43)	
Amortization of defined pension items:					
Prior service cost	1	—	1	—	Other income, net
Actuarial loss	6	8	13	16	Other income, net
Settlement loss	—	1	—	1	Other income, net
Income tax expense	2	2	4	3	Provision for income taxes
Defined pension items, net of tax	5	7	10	14	
Total reclassifications, before tax	31	(115)	(7)	(41)	
Income tax expense (benefit)	9	(28)	1	(12)	Provision for income taxes
Total reclassifications, after tax	<u>\$ 22</u>	<u>\$ (87)</u>	<u>\$ (8)</u>	<u>\$ (29)</u>	Amount included in net income

LYONDELLBASELL INDUSTRIES N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Purchase of Non-controlling Interest—In February 2019, we increased our interest in our subsidiary La Porte Methanol Company, L.P., from 85% to 100%, for cash consideration of \$63 million.

Redeemable Non-controlling Interests

Our redeemable non-controlling interests relate to 115,374 shares of A. Schulman Special Stock which were outstanding as of June 30, 2019 and December 31, 2018.

13. Per Share Data

Basic earnings per share are based upon the weighted average number of shares of common stock outstanding during the periods. Diluted earnings per share includes the effect of certain stock option awards and other equity-based compensation awards. We have unvested restricted stock units that are considered participating securities for earnings per share.

Earnings per share data and dividends declared per share of common stock are as follows:

	Three Months Ended June 30,			
	2019		2018	
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations
<u>Millions of dollars</u>				
Net income (loss)	\$ 1,006	\$ (3)	\$ 1,655	\$ (1)
Dividends on A. Schulman Special Stock	(1)	—	—	—
Net income attributable to participating securities	(2)	—	(1)	—
Net income (loss) attributable to ordinary shareholders – basic and diluted	<u>\$ 1,003</u>	<u>\$ (3)</u>	<u>\$ 1,654</u>	<u>\$ (1)</u>
<u>Millions of shares, except per share amounts</u>				
Basic weighted average common stock outstanding	370	370	391	391
Effect of dilutive securities:				
Performance share units	—	—	1	1
Potential dilutive shares	<u>370</u>	<u>370</u>	<u>392</u>	<u>392</u>
Earnings per share:				
Basic	<u>\$ 2.71</u>	<u>\$ (0.01)</u>	<u>\$ 4.23</u>	<u>\$ —</u>
Diluted	<u>\$ 2.71</u>	<u>\$ (0.01)</u>	<u>\$ 4.22</u>	<u>\$ —</u>
Participating securities	<u>0.6</u>	<u>0.6</u>	<u>0.5</u>	<u>0.5</u>
Dividends declared per share of common stock	<u>\$ 1.05</u>	<u>\$ —</u>	<u>\$ 1.00</u>	<u>\$ —</u>

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

	Six Months Ended June 30,			
	2019		2018	
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations
<u>Millions of dollars</u>				
Net income (loss)	\$ 1,823	\$ (3)	\$ 2,886	\$ (1)
Dividends on A. Schulman Special Stock	(3)	—	—	—
Net income attributable to participating securities	(3)	—	(2)	—
Net income (loss) attributable to ordinary shareholders – basic and diluted	\$ 1,817	\$ (3)	\$ 2,884	\$ (1)
<u>Millions of shares, except per share amounts</u>				
Basic weighted average common stock outstanding	371	371	393	393
Effect of dilutive securities:				
Performance share units	—	—	1	1
Potential dilutive shares	371	371	394	394
Earnings (loss) per share:				
Basic	\$ 4.90	\$ (0.01)	\$ 7.34	\$ —
Diluted	\$ 4.89	\$ (0.01)	\$ 7.33	\$ —
Participating securities	0.6	0.6	0.5	0.5
Dividends declared per share of common stock	\$ 2.05	\$ —	\$ 2.00	\$ —

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

14. Segment and Related Information

In conjunction with our acquisition of A. Schulman in August 2018, polypropylene compounding, *Catalloy* and polybutene-1, which were previously reflected in our O&P–EAI and O&P–Americas segments, were moved to our Advanced Polymer Solutions segment. All comparable periods presented have been revised to reflect this change.

We disclose the results of each of our operating segments in accordance with ASC 280, *Segment Reporting*. Our operating segments are managed by senior executives who report to our Chief Executive Officer, the chief operating decision maker. Discrete financial information is available for each of the segments, and our Chief Executive Officer uses the operating results of each of the operating segments for performance evaluation and resource allocation. The activities of each of our segments from which they earn revenues and incur expenses are described below:

- *Olefins and Polyolefins–Americas* (“O&P–Americas”). Our O&P–Americas segment produces and markets olefins and co-products, polyethylene and polypropylene.
- *Olefins and Polyolefins–Europe, Asia, International* (“O&P–EAI”). Our O&P–EAI segment produces and markets olefins and co-products, polyethylene, and polypropylene.
- *Intermediates and Derivatives* (“I&D”). Our I&D segment produces and markets propylene oxide and its derivatives; oxyfuels and related products; and intermediate chemicals such as styrene monomer, acetyls, ethylene oxide and ethylene glycol.
- *Advanced Polymer Solutions* (“APS”). Our APS segment produces and markets compounding and solutions, such as polypropylene compounds, engineered plastics, masterbatches, engineered composites, colors and powders, and advanced polymers, which includes *Catalloy* and polybutene-1.
- *Refining*. Our Refining segment refines heavy, high-sulfur crude oils and other crude oils of varied types and sources available on the U.S. Gulf Coast into refined products, including gasoline and distillates.
- *Technology*. Our Technology segment develops and licenses chemical and polyolefin process technologies and manufactures and sells polyolefin catalysts.

Our chief operating decision maker uses EBITDA as the primary measure for reviewing our segments’ profitability and therefore, in accordance with ASC 280, *Segment Reporting*, we have presented EBITDA for all segments. We define EBITDA as earnings before interest, taxes and depreciation and amortization.

“Other” includes intersegment eliminations and items that are not directly related or allocated to business operations, such as foreign exchange gains or losses and components of pension and other postretirement benefit costs other than service cost. Sales between segments are made primarily at prices approximating prevailing market prices.

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Summarized financial information concerning reportable segments is shown in the following table for the periods presented:

Three Months Ended June 30, 2019								
<u>Millions of dollars</u>	O&P– Americas	O&P– EAI	I&D	APS	Refining	Technology	Other	Total
Sales and other operating revenues:								
Customers	\$ 1,325	\$ 2,283	\$ 2,020	\$ 1,257	\$ 2,011	\$ 152	\$ —	\$ 9,048
Intersegment	789	222	42	1	169	21	(1,244)	—
	2,114	2,505	2,062	1,258	2,180	173	(1,244)	9,048
Income (loss) from equity investments	12	52	2	(2)	—	—	—	64
EBITDA	635	331	448	120	(66)	107	4	1,579

Three Months Ended June 30, 2018								
<u>Millions of dollars</u>	O&P– Americas	O&P– EAI	I&D	APS	Refining	Technology	Other	Total
Sales and other operating revenues:								
Customers	\$ 1,694	\$ 2,690	\$ 2,541	\$ 833	\$ 2,298	\$ 150	\$ —	\$ 10,206
Intersegment	848	210	43	—	271	32	(1,404)	—
	2,542	2,900	2,584	833	2,569	182	(1,404)	10,206
Income (loss) from equity investments	15	54	(1)	—	—	—	—	68
EBITDA	671	355	642	121	104	113	4	2,010

Six Months Ended June 30, 2019								
<u>Millions of dollars</u>	O&P– Americas	O&P– EAI	I&D	APS	Refining	Technology	Other	Total
Sales and other operating revenues:								
Customers	\$ 2,718	\$ 4,626	\$ 3,872	\$ 2,595	\$ 3,754	\$ 261	\$ —	\$ 17,826
Intersegment	1,507	414	84	2	308	53	(2,368)	—
	4,225	5,040	3,956	2,597	4,062	314	(2,368)	17,826
Income (loss) from equity investments	23	103	4	(2)	—	—	—	128
EBITDA	1,151	627	838	268	(81)	190	14	3,007

LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

<u>Millions of dollars</u>	Six Months Ended June 30, 2018							
	O&P– Americas	O&P– EAI	I&D	APS	Refining	Technology	Other	Total
Sales and other operating revenues:								
Customers	\$ 3,481	\$ 5,432	\$ 4,851	\$ 1,671	\$ 4,300	\$ 238	\$ —	\$ 19,973
Intersegment	1,707	428	76	—	526	59	(2,796)	—
	5,188	5,860	4,927	1,671	4,826	297	(2,796)	19,973
Income from equity investments	32	130	2	—	—	—	—	164
EBITDA	1,427	774	1,128	244	167	169	14	3,923

Our APS segment results for the second quarter and first six months of 2019 included \$19 million and \$35 million, respectively, of integration costs associated with our acquisition of A. Schulman in August 2018.

A reconciliation of EBITDA to Income from continuing operations before income taxes is shown in the following table for each of the periods presented:

<u>Millions of dollars</u>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
EBITDA:				
Total segment EBITDA	\$ 1,575	\$ 2,006	\$ 2,993	\$ 3,909
Other EBITDA	4	4	14	14
Less:				
Depreciation and amortization expense	(328)	(300)	(650)	(599)
Interest expense	(81)	(91)	(173)	(182)
Add:				
Interest income	5	15	11	26
Income from continuing operations before income taxes	\$ 1,175	\$ 1,634	\$ 2,195	\$ 3,168

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

This discussion and analysis should be read in conjunction with the information contained in our Consolidated Financial Statements and the accompanying notes 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.

OVERVIEW

Results were lower in the second quarter and first six months of 2019 relative to second quarter and first six months of 2018, primarily reflecting lower margins in most segments. Significant items that affected our results during the second quarter and first six months of 2019 relative to the second quarter and first six months of 2018 include:

- Lower O&P–Americas results due to a decline in polyethylene results offset by higher olefins results;
- Lower O&P–EAI results driven by lower volumes in Europe, combined with lower polyolefins margins and unfavorable foreign exchange impacts, which were partially offset by higher olefins margins;
- I&D segment results declined due to margin and volume decreases across most businesses; and
- Lower Refining segment results due to a decline in refining margins.

Other noteworthy items since the beginning of the year include the following:

- Executed a 364-day, \$2,000 million senior unsecured term loan facility and borrowed the full amount;
- Redeemed of \$1,000 million of our 5% senior notes due 2019;
- Executed a three-year, \$4,000 million senior unsecured delayed draw term loan credit facility; and
- In July 2019, repurchased 35.1 million ordinary shares for a total of \$3,093 million, at a tender offer price of \$88.00 per share.

Results of operations for the periods discussed are presented in the table below:

<u>Millions of dollars</u>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sales and other operating revenues	\$ 9,048	\$ 10,206	\$ 17,826	\$ 19,973
Cost of sales	7,542	8,290	14,988	16,302
Selling, general and administrative expenses	302	261	589	494
Research and development expenses	27	29	55	57
Operating income	1,177	1,626	2,194	3,120
Interest expense	(81)	(91)	(173)	(182)
Interest income	5	15	11	26
Other income, net	10	16	35	40
Income from equity investments	64	68	128	164
Provision for (benefit from) income taxes	169	(21)	372	282
Income from continuing operations	1,006	1,655	1,823	2,886
Loss from discontinued operations, net of tax	(3)	(1)	(3)	(1)
Net income	<u>\$ 1,003</u>	<u>\$ 1,654</u>	<u>\$ 1,820</u>	<u>\$ 2,885</u>

RESULTS OF OPERATIONS

Revenues—Revenues decreased by \$1,158 million, or 11%, in the second quarter of 2019 compared to the second quarter of 2018 and by \$2,147 million, or 11%, in the first six months of 2019 compared to the first six months of 2018.

Average sales prices in the second quarter and first six months of 2019 were lower for most of our products as sales prices generally correlate with crude oil prices, which decreased relative to the corresponding periods in 2018. These lower prices led to a revenue decrease of 8% and 7% in the second quarter and first six months of 2019, respectively. Lower sales volumes resulted in a revenue decrease of 7% relative to the second quarter and first six months of 2018. Unfavorable foreign exchange impacts also resulted in a revenue decrease of 1% and 3% in the second quarter and first six months of 2019, respectively.

The operations of A. Schulman contributed \$554 million and \$1,154 million of revenues which accounts for the remaining change in revenues for the second quarter and first six months of 2019, respectively.

Cost of Sales—Cost of sales decreased by \$748 million, or 9%, in the second quarter of 2019 compared to the second quarter of 2018 and by \$1,314 million, or 8%, in the first six months of 2019 compared to the first six months of 2018. This decrease in cost of sales is primarily due to lower feedstock and energy costs.

SG&A Expenses—Selling, general and administrative (“SG&A”) expenses increased by \$41 million, or 16%, in the second quarter of 2019 compared to the second quarter of 2018 and by \$95 million, or 19%, in the first six months of 2019 compared to the first six months of 2018.

The operations of A. Schulman incurred \$48 million and \$98 million of SG&A expenses in the second quarter and first six months of 2019, respectively. Costs associated with the integration of A. Schulman were \$19 million and \$35 million in the second quarter and first six months of 2019, respectively. These costs were largely attributable to increased costs in the second quarter and first six months of 2019 compared to the corresponding periods in 2018. These increased costs were partially offset by a decline in the costs associated with the evaluation and pre-project planning of certain growth projects relative to the corresponding periods in 2018.

Operating Income—Operating income decreased by \$449 million, or 28%, in the second quarter of 2019 compared to the second quarter of 2018 and by \$926 million, or 30%, in the first six months of 2019 compared to the first six months of 2018.

In the second quarter of 2019, operating income declined across all of our segments including a \$197 million and \$168 million decline in our I&D and Refining segments relative to the second quarter of 2018.

In the first six months of 2019, or our I&D, O&P–Americas, Refining and O&P–EAI segments decreased by \$291 million, \$284 million, \$242 million, and \$114 million, respectively, over the first six months of 2018.

Results for each of our business segments are discussed further in the “Segment Analysis” section below.

Income Taxes—Our effective income tax rate for the second quarter of 2019 was 14.4% compared with -1.3% for the second quarter of 2018, and for the first six months of 2019 was 16.9% compared with 8.9% for the first six months of 2018. Our effective income tax rate fluctuates based on, among other factors, changes in statutory tax rates, changes in pretax income in countries with varying statutory tax rates, changes in valuation allowances, changes in foreign exchange gains/losses, changes in the amount of exempt income and changes in unrecognized tax benefits associated with uncertain tax positions.

Our exempt income primarily includes interest income, export incentives, and equity earnings of joint ventures. Interest income earned by certain of our European subsidiaries through intercompany financings is either untaxed or taxed at rates substantially lower than the U.S. statutory rate. Export incentives relate to tax benefits derived from elections and structures available for U.S. exports. Equity earnings attributable to the earnings of our joint ventures, when paid through dividends to certain European subsidiaries, are exempt from all or portions of normal statutory income tax rates.

We monitor income tax developments in countries where we conduct business. In 2017, the U.S. enacted “H.R.1,” also known as the “Tax Cuts and Jobs Act” (the “Tax Act”) materially impacting our Consolidated Financial Statements by, among other things, decreasing the tax rate, and significantly affecting future periods. To determine the full effects of the tax law, we are awaiting the finalization of several proposed U.S. Treasury regulations under the Tax Act that were issued during 2018 and 2019. In prior years, the Company did not assert permanent reinvestment of our foreign earnings. However, as a result of the U.S. Section 245A temporary regulations, the Company does intend to permanently reinvest approximately \$565 million of our non-U.S. earnings. Repatriation of these earnings to the U.S. in the future could result in a \$60 million tax impact. Prior to the issuance of the retroactive temporary regulations, the non-U.S. earnings on the permanent reinvestment could have been distributed tax free.

Compared with the three months ended June 30, 2018, the higher effective tax rate for the three months ended June 30, 2019 was primarily attributable to changes in unrecognized tax benefits associated with uncertain tax positions (21.2%), partially offset by a tax benefit related to research and development activities (-6.3%). Compared with the six months ended June 30, 2018, the higher effective tax rate for the six months ended June 30, 2019 was primarily attributable to changes in unrecognized tax benefits associated with uncertain tax positions (10.9%), partially offset by a tax benefit related to research and development activities (-3.4%).

Comprehensive Income—Comprehensive income decreased by \$638 million in the second quarter of 2019 compared to the second quarter of 2018 and by \$1,161 million in the six months of 2019 compared to the first six months of 2018, primarily due to lower net income, net unfavorable impacts of financial derivative instruments primarily driven by periodic changes in benchmark interest rates and the net favorable impact of unrealized changes in foreign currency translation adjustments.

The net gains attributable to unrealized changes in foreign currency translation impacts include pre-tax losses of \$25 million and pre-tax gains of \$3 million in the second quarter and first six months of 2019, respectively, which represent the effective portion of our net investment hedges.

In the second quarter and first six months of 2019, the cumulative after-tax effects of our derivatives designated as cash flow hedges were net losses of \$68 million and \$118 million, respectively. The fluctuations of the U.S. dollar against the euro in the second quarter and first six months of 2019 and periodic changes in benchmark interest rates resulted in pre-tax losses of \$5 million and pre-tax gains of \$53 million, respectively, related to our cross-currency swaps. Pre-tax gains of \$26 million and pre-tax losses of \$13 million related to our cross-currency swaps were reclassification adjustments included in Other income, net in the second quarter and first six months of 2019. Pre-tax losses of \$105 million and \$179 million related to forward-starting interest rate swaps were driven by changes in benchmark interest rates in the second quarter and first six months of 2019. The remaining change relates to our commodity cash flow hedges.

Segment Analysis

We use earnings before interest, income taxes, and depreciation and amortization (“EBITDA”) as our measure of profitability for segment reporting purposes. This measure of segment operating results is used by our chief operating decision maker to assess the performance of and allocate resources to our operating segments. Intersegment eliminations and items that are not directly related or allocated to business operations, such as foreign exchange gains or losses and components of pension and other postretirement benefits other than service costs are included in “Other.” For additional information related to our operating segments, as well as a reconciliation of EBITDA to its nearest GAAP measure, Income from continuing operations before income taxes, see Note 14, *Segment and Related Information*, to our Consolidated Financial Statements.

Following our acquisition of A. Schulman, our operations are managed through six reportable segments: O&P–Americas; O&P–EAI; I&D; APS; Refining; and Technology. Our APS segment produces and markets compounding and solutions, such as polypropylene compounds, engineered plastics, masterbatches, engineered composites, colors and powders; and advanced polymers, which includes *Catalloy* and polybutene-1. Polypropylene compounds, *Catalloy* and polybutene-1 were previously reported in our O&P–EAI and O&P–Americas segments. Accordingly, the historical results of our O&P–EAI and O&P–Americas segments have been recast for all comparable periods presented. For additional information related to our segments, see Note 14 to the Consolidated Financial Statements.

Revenues and the components of EBITDA for the periods presented are reflected in the table below:

Millions of dollars	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Sales and other operating revenues:				
O&P–Americas segment	\$ 2,114	\$ 2,542	\$ 4,225	\$ 5,188
O&P–EAI segment	2,505	2,900	5,040	5,860
I&D segment	2,062	2,584	3,956	4,927
APS segment	1,258	833	2,597	1,671
Refining segment	2,180	2,569	4,062	4,826
Technology segment	173	182	314	297
Other, including intersegment eliminations	(1,244)	(1,404)	(2,368)	(2,796)
Total	<u>\$ 9,048</u>	<u>\$ 10,206</u>	<u>\$ 17,826</u>	<u>\$ 19,973</u>
Operating income (loss):				
O&P–Americas segment	\$ 504	\$ 543	\$ 888	\$ 1,172
O&P–EAI segment	226	245	412	526
I&D segment	372	569	686	977
APS segment	91	112	210	226
Refining segment	(110)	58	(169)	73
Technology segment	96	100	169	146
Other, including intersegment eliminations	(2)	(1)	(2)	—
Total	<u>\$ 1,177</u>	<u>\$ 1,626</u>	<u>\$ 2,194</u>	<u>\$ 3,120</u>
Depreciation and amortization:				
O&P–Americas segment	\$ 117	\$ 109	\$ 232	\$ 215
O&P–EAI segment	52	52	105	108
I&D segment	74	72	146	145
APS segment	30	9	59	17
Refining segment	44	46	87	92
Technology segment	11	12	21	22
Total	<u>\$ 328</u>	<u>\$ 300</u>	<u>\$ 650</u>	<u>\$ 599</u>

<u>Millions of dollars</u>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Income (loss) from equity investments:				
O&P–Americas segment	\$ 12	\$ 15	\$ 23	\$ 32
O&P–EAI segment	52	54	103	130
I&D segment	2	(1)	4	2
APS segment	(2)	—	(2)	—
Total	<u>\$ 64</u>	<u>\$ 68</u>	<u>\$ 128</u>	<u>\$ 164</u>
Other income, net:				
O&P–Americas segment	\$ 2	\$ 4	\$ 8	\$ 8
O&P–EAI segment	1	4	7	10
I&D segment	—	2	2	4
APS segment	1	—	1	1
Refining segment	—	—	1	2
Technology segment	—	1	—	1
Other, including intersegment eliminations	6	5	16	14
Total	<u>\$ 10</u>	<u>\$ 16</u>	<u>\$ 35</u>	<u>\$ 40</u>
EBITDA:				
O&P–Americas segment	\$ 635	\$ 671	\$ 1,151	\$ 1,427
O&P–EAI segment	331	355	627	774
I&D segment	448	642	838	1,128
APS segment	120	121	268	244
Refining segment	(66)	104	(81)	167
Technology segment	107	113	190	169
Other, including intersegment eliminations	4	4	14	14
Total	<u>\$ 1,579</u>	<u>\$ 2,010</u>	<u>\$ 3,007</u>	<u>\$ 3,923</u>

Olefins and Polyolefins–Americas Segment

Overview—EBITDA declined in the second quarter and first six months of 2019 relative to the second quarter and first six months of 2018 due to lower polyethylene results, partially offset by higher olefins results.

Ethylene Raw Materials—We have significant flexibility to vary the raw material mix and process conditions in our U.S. olefins plants in order to maximize profitability as market prices for both feedstocks and products change. Although prices of crude-based liquids and natural gas liquids are generally related to crude oil and natural gas prices, during specific periods the relationships among these materials and benchmarks may vary significantly.

As in recent years, strong supplies from the U.S. shale gas/oil boom resulted in ethane being a preferred feedstock in our U.S. plants in 2019. We produced approximately 83% of our ethylene from ethane in the second quarter and first six months of 2019, compared to approximately 85% in the second quarter and first six months of 2018.

The following table sets forth selected financial information for the O&P–Americas segment including Income from equity investments, which is a component of EBITDA:

<u>Millions of dollars</u>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Sales and other operating revenues	\$ 2,114	\$ 2,542	\$ 4,225	\$ 5,188
Income from equity investments	12	15	23	32
EBITDA	635	671	1,151	1,427

Revenues—Revenues for our O&P–Americas segment decreased by \$428 million, or 17%, in the second quarter of 2019 compared to the second quarter of 2018 and by \$963 million, or 19%, in the first six months of 2019 compared to the first six months of 2018.

Average olefins and polyethylene sales prices were lower in the second quarter and first six months of 2019 compared to the second quarter and first six months of 2018 due to increased market supply stemming from new industry capacity additions and, to a lesser extent, a lower oil price environment. Polypropylene sales prices decreased with declining propylene feedstock prices. These lower sales prices were responsible for a revenue decrease of 14% in the second quarter and first six months of 2019.

Lower sales volumes across most products, driven mainly by planned downtime at our Matagorda, Texas facility, accompanied by softer demand also led to a revenue decrease of 3% in the second quarter of 2019 and 5% in the first six months of 2019.

EBITDA—EBITDA decreased by \$36 million, or 5%, in the second quarter of 2019 compared to the second quarter of 2018 and by \$276 million, or 19%, in the first six months of 2019 compared to the first six months of 2018.

Lower sales volumes, as discussed above, resulted in a 5% and 6% decline in EBITDA for the second quarter and first six months of 2019, respectively. EBITDA declined 12% in the first six months of 2019 relative to the first six months of 2018 due to lower margins, which was primarily driven by a decrease in polyethylene margins due to decreases in price spreads over ethylene of approximately \$225 per ton. The remaining 1% decrease in EBITDA in the first six months of 2019 is attributable to lower income from our joint venture in Mexico.

Olefins and Polyolefins—Europe, Asia, International Segment

Overview—EBITDA for the second quarter and first six months of 2019 declined compared to the second quarter and first six months of 2018, largely as a result of lower polyolefins margins, combined with lower volumes and unfavorable foreign exchange impacts, partially offset by higher olefins margins.

The following table sets forth selected financial information for the O&P–EAI segment including Income from equity investments, which is a component of EBITDA:

<u>Millions of dollars</u>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Sales and other operating revenues	\$ 2,505	\$ 2,900	\$ 5,040	\$ 5,860
Income from equity investments	52	54	103	130
EBITDA	331	355	627	774

Revenues—Revenues decreased by \$395 million, or 14%, in the second quarter of 2019 compared to the second quarter of 2018 and by \$820 million, or 14%, in the first six months of 2019 compared to the first six months of 2018.

Average sales prices in the second quarter of 2019 and first six months of 2019 were lower across most products as sales prices generally correlate with crude oil prices, which on average, decreased compared to the second quarter and first six months of 2018. These lower average sales prices were responsible for revenue decreases of 4% and 5%, respectively in the second quarter and first six months of 2019.

Unplanned maintenance and weaker demand in the second quarter and first six months of 2019 led to lower sales volumes compared to the second quarter and first six months of 2018. This decline in volumes resulted in revenue decreases of 5% and 4%, respectively.

Foreign exchange impacts that, on average, were unfavorable led to a revenue decrease of 5% in the second quarter and first six months of 2019 relative to the second quarter and first six months of 2018.

EBITDA—EBITDA in the second quarter of 2019 decreased by \$24 million, or 7%, compared to the second quarter of 2018 and by \$147 million, or 19%, in the first six months of 2019 compared to the first six months of 2018.

In the second quarter and first six months of 2019, margins declined mainly due to lower polyolefins margins, reflecting weaker demand in European markets. Polypropylene margins declined in the second quarter and first six months of 2019 largely due to decreases in price spreads over propylene of \$55 and \$69 per ton, respectively. Polyethylene margins remained flat in the second quarter of 2019 relative to the second quarter of 2018, and declined in the first six months of 2019 due to lower price spreads over ethylene of \$34 per ton. These lower polyolefins margins were partially offset by higher olefins margins, reflecting decreases of \$192 per ton and \$159 per ton in the weighted average cost of ethylene production in the second quarter and first six months of 2019, respectively. These margin changes led to a 5% net improvement in EBITDA for the second quarter of 2019 and a 3% net decrease in EBITDA for the first six months of 2019 relative to the corresponding periods in 2018.

Lower volumes, as discussed above resulted in a 6% decline in EBITDA for the second quarter and first six months of 2019. Unfavorable foreign exchange impacts in the second quarter and the first six months of 2019, also led to decreases in EBITDA of 5%. The remaining changes in EBITDA were related to changes in equity income from our equity investments.

Intermediates and Derivatives Segment

Overview—EBITDA for our I&D segment was lower in the second quarter and first six months of 2019 compared to the second quarter and first six months of 2018, largely driven by margin and volume decreases across most businesses with more balanced industry supply and weak demand.

The following table sets forth selected financial information for the I&D segment including Income (loss) from equity investments, which is a component of EBITDA:

<u>Millions of dollars</u>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30, 2019</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sales and other operating revenues	\$ 2,062	\$ 2,584	\$ 3,956	\$ 4,927
Income (loss) from equity investments	2	(1)	4	2
EBITDA	448	642	838	1,128

Revenues—Revenues decreased by \$522 million, or 20%, in the second quarter of 2019 compared to the second quarter of 2018 and by \$971 million, or 20%, in the first six months of 2019 compared to the first six months of 2018.

Lower average sales prices in the second quarter and first six months of 2019 for most products, which reflect the impacts of lower feedstock and energy costs, were responsible for a revenue decrease of 11% and 12%, respectively, compared to the second quarter and first six months of 2018, which benefited from an elevated level of planned and unplanned industry outages. Lower sales volumes resulted in a 7% and 6% decrease in revenues, respectively.

Foreign exchange impacts, which on average were unfavorable in the second quarter and first six months of 2019 resulted in a revenue decrease of 2% relative to the corresponding prior year period.

EBITDA—EBITDA decreased \$194 million, or 30%, in the second quarter of 2019 compared to the second quarter of 2018 and by \$290 million, or 26%, in the first six months of 2019 compared to the first six months of 2018.

Lower margins led to declines of 13% and 16% in EBITDA in the second quarter and first six months of 2019, respectively, relative to the second quarter and first six months of 2018. This decline was driven primarily by intermediate chemicals margins as market supplies became more balanced in the second quarter and first six months of 2019 relative to the comparative period, due to fewer outages in the market.

The impact of lower volumes as discussed above resulted in 15% and 9% of EBITDA decrease in the second quarter and first six months of 2019, respectively. Approximately half of this decline in both comparative periods was due to weak demand for PO and derivative products. Approximately half of the remaining decrease was driven by logistical limitations on oxyfuels and related products resulting from a service disruption stemming from a fire at a third party terminal on the Houston ship channel, while the remaining decrease was driven by weak demand for intermediates products.

Unfavorable foreign exchange impacts in the second quarter and the first six months of 2019, also led to decreases in EBITDA of 2% and 1%.

Advanced Polymer Solutions Segment

Overview—EBITDA for our APS segment declined slightly in the second quarter of 2019 compared to the second quarter of 2018, but improved in the first six months of 2019 compared to the first six months of 2018 primarily due to the contribution of EBITDA stemming from the acquisition of A. Schulman, partly offset by integration costs as well as lower volumes across most products.

The following table sets forth selected financial information for the APS segment:

<u>Millions of dollars</u>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Sales and other operating revenues	\$ 1,258	\$ 833	\$ 2,597	\$ 1,671
Loss from equity investments	(2)	—	(2)	—
EBITDA	120	121	268	244

Revenues—Revenues increased by \$425 million, or 51%, in the second quarter of 2019 compared to the second quarter of 2018 and by \$926 million, or 55%, in the first six months of 2019 compared to the first six months of 2018.

The acquisition of A. Schulman contributed \$554 million and \$1,154 million to revenues of the APS segment in the second quarter and first six months of 2019, which accounts for a revenue increase of 66% and 69% respectively. Declines in sales volumes in the second quarter of 2019 and the first six months of 2019 stemming from lower automotive production in Europe and lower market demand of advanced polymer products, led to a revenue decrease of 10% in the second quarter of 2019 and 9% in the first six months of 2019.

Lower average sales prices in the second quarter and first six months of 2019 led to a further revenue decrease of 1% and 2%, respectively.

Foreign exchange impacts, which on average, were unfavorable in the second quarter and first six months of 2019 also resulted in a revenue decrease of 4% and 3%, respectively.

EBITDA—EBITDA decreased \$1 million, or 1%, in the second quarter of 2019 compared to the second quarter of 2018 and increased \$24 million, or 10%, in the first six months of 2019 compared to the first six months of 2018.

The operations of A. Schulman contributed \$42 million and \$89 million of EBITDA to the results of the APS segment, which represents an increase of 35% and 36% relative to the second quarter and first six months of 2018. Costs associated with the integration of A. Schulman were \$19 million and \$35 million in the second quarter and first six months of 2019, which accounts for an EBITDA decrease of 16% and 14% relative to the second quarter and first six months of 2018.

Lower volumes as discussed above led to declines of 18% and 15% in EBITDA in the second quarter and first six months of 2019, respectively. Lower margins in the second quarter of 2019 resulted in a 2% decrease in EBITDA. This decrease was primarily due to decreases in average sales prices for advanced polymers products which outpaced raw material cost decreases. Improved margins in the first six months of 2019 resulted in a 3% increase in EBITDA. The increase was primarily due to decreases in average sales prices which were outpaced by raw material cost decreases across most products.

Refining Segment

Overview—EBITDA for our Refining segment decreased in the second quarter and first six months of 2019 due to lower industry margins driven by a compressed Maya differential, lower gasoline crack spreads and lower byproduct margins compared to the corresponding periods in 2018.

The following table sets forth selected financial information and heavy crude oil processing rates for the Refining segment and the U.S. refining market margins for the applicable periods. Light Louisiana Sweet, is a light, sweet crude oil, while “Maya” is a heavy, sour crude oil. References to industry benchmarks for refining market margins are to industry prices reported by Platts, a division of S&P Global.

<u>Millions of dollars</u>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sales and other operating revenues	\$ 2,180	\$ 2,569	\$ 4,062	\$ 4,826
EBITDA	(66)	104	(81)	167
Heavy crude oil processing rates, thousands of barrels per day	261	259	260	255
<u>Market margins, dollars per barrel</u>				
Light crude oil – 2-1-1	\$ 14.12	\$ 15.03	\$ 12.03	\$ 13.83
Light crude – Maya differential	4.87	10.91	4.26	9.58
Total Maya 2-1-1	<u>\$ 18.99</u>	<u>\$ 25.94</u>	<u>\$ 16.29</u>	<u>\$ 23.41</u>

Revenues—Revenues decreased by \$389 million, or 15%, in the second quarter of 2019 compared to the second quarter of 2018 and by \$764 million, or 16%, in the first six months of 2019 compared to the first six months of 2018.

Lower product prices led to a revenue decrease of 5% and 4% relative to the second quarter and first six months of 2018, respectively, due to an average crude oil price decrease of approximately \$3 per barrel in the second quarter of 2019 and \$2 in the first six months of 2019. Although heavy crude oil processing rates increased during the second quarter and first six months of 2019, overall sales volumes decreased due to lower rates on conversion units, driving an additional revenue decrease of 10% and 12% during second quarter and first six months of 2019, respectively.

EBITDA—EBITDA decreased by \$170 million, or 163%, in the second quarter of 2019 compared to the second quarter of 2018 and by \$248 million, or 149%, in the first six months of 2019 compared to the first six months of 2018.

Lower refining margins resulted in a 165% and 154% decrease in EBITDA relative to the second quarter and first six months of 2018, respectively. Unusually low discounts for heavy sour crude oils on the U.S. Gulf Coast created a challenging market for our refining business. Margin compression in the benchmark Maya 2-1-1 market margin was driven by a lower light-to-heavy crude price differential as well as depressed gasoline crack spreads. The light-to-heavy differential was primarily impacted by unfavorable market conditions which impacted heavy crude oil supply. Margins were further compressed by a negative byproduct impact primarily driven by weakness in Naphtha and refinery grade propylene. This margin driven decrease in EBITDA was partly offset by a 2% and 5% increase associated with the rise in heavy crude oil processing rates that stemmed from improved operations in the second quarter and first six months of 2019.

Technology Segment

Overview—EBITDA for our Technology segment decreased in the second quarter of 2019 compared to the second quarter of 2018, but improved in the first six months of 2019 compared to the first six months of 2018 largely due to higher licensing revenues.

The following table sets forth selected financial information for the Technology segment:

<u>Millions of dollars</u>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sales and other operating revenues	\$ 173	\$ 182	\$ 314	\$ 297
EBITDA	107	113	190	169

Revenues—Revenues decreased by \$9 million, or 5%, in the second quarter of 2019 compared to the second quarter of 2018 and increased by \$17 million, or 6%, in the first six months of 2019 compared to the first six months of 2018.

Higher licensing revenues were responsible for revenue increases of 4% and 10% in the second quarter and first six months of 2019 relative to the corresponding periods in 2018. Increases in average catalyst sales prices in the first six months of 2019 resulted in revenue increases of 3%.

These increases were offset by foreign exchange impacts that, on average, were unfavorable for the second quarter and first six months of 2019 resulting in revenue decreases of 3% and 6%, respectively, compared to the second quarter and first six months of 2018. Revenues were further decreased by 6% and 1% in the second quarter and first six months of 2019 due to lower catalyst sales volumes.

EBITDA—EBITDA decreased by \$6 million, or 5%, in the second quarter of 2019 compared to the second quarter of 2018 and increased by \$21 million, or 12%, in the first six months of 2019 compared to the first six months of 2018.

Higher licensing revenues in the second quarter and first six months of 2019 resulted in EBITDA increases of 9% and 20%, respectively, as several licensing agreements signed in 2018, primarily in China, were recognized in revenue. These improvements were offset by a decrease in catalyst volumes of 8% and 1% in the second quarter and first six months of 2019, respectively.

Foreign exchange impacts, which on average, were unfavorable in the second quarter and first six months of 2019 resulted in a decline in EBITDA of 6% and 7%, respectively.

FINANCIAL CONDITION

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

<u>Millions of dollars</u>	<u>Six Months Ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Source (use) of cash:		
Operating activities	\$ 1,843	\$ 2,733
Investing activities	(456)	(589)
Financing activities	(482)	(1,265)

Operating Activities—Cash of \$1,843 million generated by operating activities in the first six months of 2019 reflected earnings adjusted for non-cash items, payments for employee bonuses, income taxes, and cash consumed by the main components of working capital—accounts receivable, inventories and accounts payable.

In the first six months of 2019, the main components of working capital consumed \$538 million of cash. The increase in accounts receivable was due to higher sales volumes in our O&P–EAI segment during the period. Inventories increased due to inventory build in our Refining and O&P–EAI segments as inventories returned to more balanced levels and operations improved. Lower feedstock and energy costs relative to the fourth quarter of 2018 partially offset by higher volumes drove a decrease in accounts payable.

The main components of working capital consumed \$100 million of cash in the first six months of 2018 as higher accounts receivable more than offset an increase in accounts payable. Higher sales volumes and prices in our O&P–EAI and I&D segments were largely responsible for the increase in accounts receivable. Increased feedstock prices for our Refining segment was the primary driver for the increase in accounts payable. Inventories declined slightly as reductions following the successful completion of turnaround activities at our O&P–Americas segment’s Channelview, Texas facility were mostly offset by small inventory increases in our remaining segments.

Investing Activities—We invest cash in investment-grade and other high-quality instruments that provide adequate flexibility to redeploy funds as needed to meet our cash flow requirements while maximizing yield.

In the first six months of 2018, we invested \$50 million in debt securities that are deemed available-for-sale. We also invested \$19 million in equity securities in the first six months of 2018. Our investments in available-for-sale debt securities and equity securities are classified as Short-term investments.

We received proceeds of \$511 million and \$410 million in the first six months of 2019 and 2018, respectively, upon the sale and maturity of certain of our available-for-sale debt securities. Additionally, in the first six months of 2019 and 2018 we received proceeds of \$332 million and \$32 million, respectively, on the sale of a portion of our investments in equity securities.

Upon expiration in June 2018, we settled foreign currency contracts, with notional values totaling €400 million, which were designated as net investment hedges of our investments in foreign subsidiaries. Payments to and proceeds from our counterparties resulted in a net cash inflow of \$25 million.

See Note 9 to the Consolidated Financial Statements for additional information regarding these investments.

Capital Expenditures—The following table summarizes capital expenditures for the periods presented:

<u>Millions of dollars</u>	Six Months Ended June 30,	
	2019	2018
Capital expenditures by segment:		
O&P–Americas	\$ 533	\$ 553
O&P–EAI	103	98
I&D	417	148
APS	27	25
Refining	96	81
Technology	34	17
Other	11	3
Consolidated capital expenditures	<u>\$ 1,221</u>	<u>\$ 925</u>

In the first six months of 2019 and 2018, our capital expenditures included construction related to our new *Hyperzone* polyethylene plant at our La Porte, Texas facility and our PO/TBA plant at our Channelview, Texas facility, turnaround activities at several sites as well as other plant improvement projects. The higher level of capital expenditures in the first six months of 2019 relative to the same period in 2018 for our O&P–Americas and I&D segments is largely due to the construction of our new PO/TBA plant.

Financing Activities—In the first six months of 2019 and 2018, we made payments of \$512 million and \$470 million to acquire approximately 6 million and 4 million, respectively, of our outstanding ordinary shares. We also made dividend payments totaling \$760 million and \$787 million during the first six months of 2019 and 2018, respectively. For additional information related to our share repurchases and dividend payments, see Note 12 to the Consolidated Financial Statements.

In February 2019, LYB Americas Finance Company LLC, a wholly owned subsidiary of LyondellBasell Industries N.V., entered into a 364-day, \$2,000 million senior unsecured term loan credit facility and borrowed the entire amount. The proceeds of this term loan, which is fully and unconditionally guaranteed by LyondellBasell Industries N.V. were used for general corporate purposes and to redeem the remaining \$1,000 million outstanding of our 5% Senior Notes due 2019 at par.

Through the issuance and repurchase of commercial paper instruments under our commercial paper program, we made net repayments of \$128 million in the first six months of 2019.

In February 2019, we purchased the non-controlling interest in our subsidiary that holds our La Porte, Texas methanol facility for \$63 million.

Additional information related to these notes can be found in the Liquidity and Capital Resources section below and in Note 7 to the Consolidated Financial Statements.

Liquidity and Capital Resources—As of June 30, 2019, we had \$1,331 million of unrestricted cash and cash equivalents and marketable securities classified as Short-term investments and held \$541 million of tri-party repurchase agreements classified as Prepaid expenses and other current assets. For additional information related to our purchases of marketable securities, see “Investing Activities” above and Note 9 to the Consolidated Financial Statements.

At June 30, 2019, we held \$444 million of cash in jurisdictions outside of the U.S., principally in the United Kingdom. There are currently no legal or economic restrictions that materially would impede our transfers of cash.

We also had total unused availability under our credit facilities of \$6,645 million at June 30, 2019, which included the following:

- \$1,813 million under our \$2,500 million revolving credit facility, which backs our \$2,500 million commercial paper program. Availability under this facility is net of outstanding borrowings, outstanding letters of credit provided under the facility and notes issued under our commercial paper program. A small portion of our availability under this facility is impacted by changes in the euro/U.S. dollar exchange rate. At June 30, 2019, we had \$681 million of outstanding commercial paper, net of discount, no outstanding letters of credit and no outstanding borrowings under the facility;
- \$832 million under our \$900 million U.S. accounts receivable facility. Availability under this facility is subject to a borrowing base of eligible receivables, which is reduced by outstanding borrowings and letters of credit, if any. This facility had no outstanding borrowings or letters of credit at June 30, 2019; and
- \$4,000 million under our new three-year senior unsecured delayed draw term loan facility. Availability under this facility is net of outstanding borrowings. This facility had no outstanding borrowings at June 30, 2019.

At June 30, 2019, we had total debt, including current maturities, of \$10,402 million, and \$208 million of outstanding letters of credit, bank guarantees and surety bonds issued under uncommitted credit facilities.

In accordance with our current interest rate risk management strategy and subject to management's evaluation of market conditions and the availability of favorable interest rates among other factors, we may from time to time enter into interest rate swap agreements to economically convert a portion of our fixed rate debt to variable rate debt or convert a portion of variable rate debt to fixed rate debt.

For additional information related to our credit facilities discussed above, see Note 7 to the Consolidated Financial Statements.

In May 2019, our shareholders approved a proposal to authorize us to repurchase up to an additional 10%, or 37.0 million, of our ordinary shares through November 2020 ("May 2019 Share Repurchase Program"). As a result, the authorization of the remaining unpurchased shares under the share repurchase program approved by our shareholders in June 2018 was superseded. Our share repurchase program does not have a stated dollar amount, and purchases may be made through open market purchases, private market transactions or other structured transactions. Repurchased shares could be retired or used for general corporate purposes, including for various employee benefit and compensation plans. In the first six months of 2019, we purchased approximately 6 million shares under this program for approximately \$488 million.

In June 2019, we commenced a modified Dutch auction tender offer ("tender offer") to purchase up to 37.0 million of our issued and outstanding ordinary shares. In July 2019, upon the expiration of the tender offer, we repurchased 35.1 million ordinary shares at a tender offer price of \$88.00 per share for a total of \$3,093 million, excluding fees and expenses related to the tender offer. In conjunction with the expiration of the tender offer, we financed the share repurchase by borrowing \$1,000 million from our Term Loan due 2022, \$500 million from our U.S. Receivables Facility, and \$1,280 million from our Commercial Paper Program, with the remainder funded by operating cash.

As of July 31, 2019, we had approximately 1.9 million shares remaining under the current authorization. The timing and amounts of additional shares repurchased will be determined based on our evaluation of market conditions and other factors, including any additional authorizations approved by our shareholders. For additional information related to our share repurchase programs, see Note 12 to the Consolidated Financial Statements.

We may repay or redeem our debt, including purchases of our outstanding bonds in the open market, using cash and cash equivalents, cash from our short-term investments and tri-party repurchase agreements, cash from operating activities, proceeds from the issuance of debt, proceeds from asset divestitures, or a combination thereof. In connection with any repayment or redemption of our debt, we may incur cash and non-cash charges, which could be material in the period in which they are incurred.

In July 2017, we announced our final investment decision to build a world-scale PO/TBA plant in Texas with a capacity of 1 billion pounds of PO and 2.2 billion pounds of TBA. In August 2018, we broke ground on this project, which is estimated to cost approximately \$2.4 billion. We anticipate the project to be completed in the third quarter of 2021.

Construction of our *Hyperzone* high density polyethylene plant at our La Porte, Texas site, which commenced in May 2017, is on track for planned start-up in the second half of 2019.

We plan to fund 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. Cash and cash equivalents, cash from our short-term investments and tri-party repurchase agreements, cash from operating activities, proceeds from the issuance of debt, or a combination thereof, may be used to fund the purchase of shares under our share repurchase program.

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 current liquidity availability and cash from operating activities provide us with sufficient financial resources to meet our anticipated capital requirements and obligations as they come due.

CURRENT BUSINESS OUTLOOK

In July, we continue to see resilient demand for the majority of our products with consumer-based demand driving stable volumes for our O&P–Americas and O&P–EAI segments. In North America, the majority of the ethylene crackers and polyethylene plants planned to start between 2016 and 2019 has been commissioned and more than 70% of the polyethylene capacity is now operational. We expect low-cost natural gas liquid feedstocks will continue to drive strong chain margin in our O&P–Americas segment as well as our Oxyfuels and Related Products business. Looking beyond the quarter, we look forward to the start-up of our Hyperzone HDPE plant during the second half of this year.

ACCOUNTING AND REPORTING CHANGES

For a discussion of the impact of new accounting pronouncements on our consolidated financial statements, see Note 2 to the Consolidated Financial Statements.

CAUTIONARY STATEMENT FOR THE PURPOSES OF THE “SAFE HARBOR” PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. You can identify our forward-looking statements by the words “anticipate,” “estimate,” “believe,” “continue,” “could,” “intend,” “may,” “plan,” “potential,” “predict,” “should,” “will,” “expect,” “objective,” “projection,” “forecast,” “goal,” “guidance,” “outlook,” “effort,” “target” and similar expressions.

We based forward-looking statements on our current expectations, estimates and projections of our business and the industries in which we operate. We caution you that these statements are not guarantees of future performance. They involve assumptions about future events that, while made in good faith, may prove to be incorrect, and involve risks and uncertainties we cannot predict. Our actual outcomes and results may differ materially from what we have expressed or forecast in the forward-looking statements. Any differences could result from a variety of factors, including the following:

- the cost of raw materials represents a substantial portion of our operating expenses, and energy costs generally follow price trends of crude oil, natural gas liquids and/or natural gas; price volatility can significantly affect our results of operations and we may be unable to pass raw material and energy cost increases on to our customers due to the significant competition that we face, the commodity nature of our products and the time required to implement pricing changes;
- our operations in the U.S. have benefited from low-cost natural gas and natural gas liquids; decreased availability of these materials (for example, from their export or regulations impacting hydraulic fracturing in the U.S.) could reduce the current benefits we receive;
- if crude oil prices fell materially, or decrease relative to U.S. natural gas prices, we would see less benefit from low-cost natural gas and natural gas liquids and it could have a negative effect on our results of operations;
- industry production capacities and operating rates may lead to periods of oversupply and low profitability; for example, substantial capacity expansions are underway in the U.S. olefins industry;
- we may face unplanned operating interruptions (including leaks, explosions, fires, weather-related incidents, mechanical failure, unscheduled downtime, supplier disruptions, labor shortages, strikes, work stoppages or other labor difficulties, transportation interruptions, spills and releases and other environmental incidents) at any of our facilities, which would negatively impact our operating results; for example, because the Houston refinery is our only refining operation, we would not have the ability to increase production elsewhere to mitigate the impact of any outage at that facility;
- changes in general economic, business, political and regulatory conditions in the countries or regions in which we operate could increase our costs, restrict our operations and reduce our operating results;
- our ability to execute our organic growth plans may be negatively affected by our ability to complete projects on time and on budget;
- our ability to acquire new businesses and assets and integrate those operations into our existing operations and make cost-saving changes in operations;
- any loss or non-renewal of favorable tax treatment under agreements or treaties, or changes in laws, regulations or treaties, may substantially increase our tax liabilities;
- uncertainties associated with worldwide economies could create reductions in demand and pricing, as well as increased counterparty risks, which could reduce liquidity or cause financial losses resulting from counterparty default;
- the negative outcome of any legal, tax and environmental proceedings or changes in laws or regulations regarding legal, tax and environmental matters may increase our costs or otherwise limit our ability to achieve savings under current regulations;

- we may be required to reduce production or idle certain facilities because of the cyclical and volatile nature of the supply-demand balance in the chemical and refining industries, which would negatively affect our operating results;
- we rely on continuing technological innovation, and an inability to protect our technology, or others' technological developments could negatively impact our competitive position;
- we have significant international operations, and fluctuations in exchange rates, valuations of currencies and our possible inability to access cash from operations in certain jurisdictions on a tax-efficient basis, if at all, could negatively affect our liquidity and our results of operations;
- we are subject to the risks of doing business at a global level, including wars, terrorist activities, political and economic instability and disruptions and changes in governmental policies, which could cause increased expenses, decreased demand or prices for our products and/or disruptions in operations, all of which could reduce our operating results;
- if we are unable to comply with the terms of our credit facilities, indebtedness and other financing arrangements, those obligations could be accelerated, which we may not be able to repay; and
- we may be unable to incur additional indebtedness or obtain financing on terms that we deem acceptable, including for refinancing of our current obligations; higher interest rates and costs of financing would increase our expenses.

Any of these factors, or a combination of these factors, could materially affect our future results of operations and the ultimate accuracy of the forward-looking statements. Our management cautions against putting undue reliance on forward-looking statements or projecting any future results based on such statements or present or prior earnings levels.

All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section and any other cautionary statements that may accompany such forward-looking statements. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market and regulatory risks is described in Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2018. Our exposure to such risks has not changed materially in the six months ended June 30, 2019.

Item 4. CONTROLS AND PROCEDURES

As of June 30, 2019, with the participation of our management, our Chief Executive Officer (principal executive officer) and our Chief Financial Officer (principal financial officer) carried out an evaluation, pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the Act), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Act). Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were operating effectively as of June 30, 2019.

We are currently in the process of assessing the internal controls of A. Schulman as part of the post-close integration process. A. Schulman has been excluded from our assessment of internal control over financial reporting as of June 30, 2019. The total assets and revenues excluded from management's assessment represent 5% and 6%, respectively, of the related consolidated financial statements as of and for the six months ended June 30, 2019.

There have been no other changes to our internal controls over financial reporting, as defined in Rule 13a-15(f) of the Act, in the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Information regarding our litigation and other legal proceedings can be found in Note 11, *Commitments and Contingencies*, to the Consolidated Financial Statements, which is incorporated into this Item 1 by reference.

The following is a description of environmental proceedings to which a governmental authority is a party and potential monetary penalties are reasonably likely to be \$100,000 or more:

In June 2014, EPA Region V issued a Notice and Finding of Violation alleging violations at our Tuscola, Illinois facility related to flaring activity. The Notice generally alleges failure to conduct a valid performance test and improper flare operations. In June 2018, Region V issued a draft administrative consent order that requires the completion of certain activities. In April 2019 we received a draft Consent Agreement and Final Order that requires payment of a \$25,000 penalty and performance of a supplemental environmental project.

Additional information about our other environmental proceedings can be found in Part I, Item 3 of our 2018 Annual Report on Form 10-K, which is incorporated into this Item 1 by reference.

Item 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in Item 1A of our 2018 Annual Report on Form 10-K.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 6. EXHIBITS

10.1 +	LyondellBasell Industries Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on May 31, 2019)
10.2 +*	Employment Transition Agreement effective June 1, 2019, by and among Lyondell Chemical Company and Thomas Aebischer
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
32*	Certifications pursuant to 18 U.S.C. Section 1350
101.INS*	XBRL Instance Document–The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Schema Document
101.CAL*	XBRL Calculation Linkbase Document
101.DEF*	XBRL Definition Linkbase Document
101.LAB*	XBRL Labels Linkbase Document
101.PRE*	XBRL Presentation Linkbase Document

+ Management contract or compensatory plan, contract or arrangement

* Filed herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LYONDELLBASELL INDUSTRIES N.V.

Date: August 2, 2019

/s/ Jacinth C. Smiley

Jacinth C. Smiley

Vice President and

Chief Accounting Officer

(Principal Accounting Officer)

EMPLOYMENT TRANSITION AGREEMENT

THIS EMPLOYMENT TRANSITION AGREEMENT (“Agreement”) is made and entered into as of June 1, 2019 (the “**Effective Date**”), by and among Lyondell Chemical Company, a Delaware corporation (together with the LyondellBasell Group and all present and former parents, subsidiaries, successors, assigns and affiliated corporations the “**Company**”), and Thomas Aebischer (“**Executive**”). In consideration of the mutual promises made below, Company and Executive agree as follows:

WHEREAS, Executive is currently serving as the Executive Vice President, Chief Financial Officer (“**CFO**”) of the Company;

WHEREAS, Executive and the Company have agreed that Executive will voluntarily separate from employment with the Company due to retirement on December 31, 2019, and that Executive will receive certain compensation through such date pursuant to this Agreement;

WHEREAS, the Company desires to provide for an orderly transition of Executive’s duties and responsibilities and Executive desires to assist the Company in realizing an orderly transition;

WHEREAS, in furtherance of the foregoing, Executive and the Company have negotiated and reached an agreement with respect to all rights, duties and obligations arising between them, including, but in no way limited to, any rights, duties and obligations that have arisen or might arise out of or are in any way related to Executive’s continued employment with the Company and the conclusion of that employment (other than as specifically provided in this Agreement).

NOW, THEREFORE, in consideration of the covenants and mutual promises made below, the parties agree as follows:

1. **Employment; Duties.**

a. **Transition Period as CFO.** During the period beginning on the Effective Date and ending on the first to occur of: (i) the Separation Date (as defined in Section 1(b) below), (ii) the date on which another individual is appointed by the Company to serve as its Chief Financial Officer (or such later date as is determined by the Company in its sole discretion as the effective date of such appointment), and (iii) the date on which Executive’s employment is terminated by the Company for Cause (such period the “**Transition Period**”), Executive shall continue to serve the Company as its CFO and perform all duties and accept all responsibilities incident to such position as may be reasonably assigned to Executive by the Company’s Chief Executive Officer (“**CEO**”). During the Transition Period, the Executive shall (x) transition such duties and responsibilities to such individuals as the CEO may designate, including to the CFO’s successor, (y) provide such assistance directly related to the CFO function as may be requested by the CEO, and (z) have and perform such duties, responsibilities and authority directly related to the CFO function as may be assigned by the CEO or his designee from time to time. If the Company determines in its sole discretion that Executive has transitioned all of his duties and responsibilities as CFO prior to December 31, 2019, then Executive will hold the title of Executive Vice President (“**EVP**”) and provide such transition assistance as may be requested by the Company through December 31, 2019, and during the period from such determination through December 31, 2019 shall have such duties, responsibilities and authority commensurate with an EVP title and Executive’s experience as may be assigned by the CEO. For the purposes of this Agreement, “**Cause**” means (y) the same meaning of that term as defined in subparts (ii)(A) through (E) for said definition under the LyondellBasell Industries Long-Term Incentive Plan (“**LTI Plan**”), or (z) Executive breaches any of the “Covenants” (as defined below) and, if reasonably able to be cured, fails to cure said breach within 10 days of written notice. The Company represents that the CEO is not aware of any circumstances that would constitute Cause to terminate Executive’s employment. Executive represents that he is not aware of any circumstances that would constitute Cause to terminate Executive’s employment.

b. Separation Date. For the purposes of this Agreement, “**Separation Date**” means the first to occur of (i) the date on which Executive’s employment is terminated by the Company for Cause, (ii) the date Executive voluntarily terminates his employment with the Company or (iii) December 31, 2019.

2. Compensation. As compensation for Executive’s continuing employment and service pursuant to this Agreement (whether as CFO or EVP as provided in Section 1), in recognition of Executive’s contributions to the Company and as consideration for the “Releases” (as defined below), Executive’s agreement to the Transition Period, and the respective terms and conditions thereof, and the other promises of Executive contained in this Agreement, which shall be deemed to include Executive’s agreement to (A) remain in the employ of the Company as described above through the Separation Date, (B) comply with the Company’s Code of Conduct and other policies relating to conduct, as in effect from time to time and applicable to its executive officers, (C) comply with all covenants regarding confidential information to which Executive has agreed as part of his employment with the Company, and (D) comply with all provisions regarding detrimental conduct or misconduct contained in any “Employee Award Agreements” (as defined in the LTI Plan) between Executive and the Company (the covenants described in the immediately preceding clauses (A) through (D) of this Section 2 are collectively referred to as the “**Covenants**”); and provided, that Executive timely signs and returns this Agreement, complies with the Covenants, complies with Section 7 below, and does not revoke the Releases, the Company will provide Executive with the following compensation and benefits:

a. Base Salary, STI Target, and Benefit Plans Participation. From the Effective Date through and including December 31, 2019, Executive will (i) receive his base salary at a bi-weekly rate adjusted to \$30,618 (which represents \$796,073 on an annualized basis), (ii) continue to participate in the Short-Term Incentive Plan (“**STI Plan**”) at a full-year STI Target Award (or bonus) of 90% of his base salary, (iii) continue to participate in the LTI Plan subject to the terms and conditions of the LTI Plan and his “Employee Award Agreements” (as defined in the LTI Plan), (iv) participate in the Company’s applicable pension or retirement plans in which Executive participates as of the Effective Date, (v) continue to participate in all health and welfare benefit plans in which Executive is enrolled as of the Effective Date, and (vi) continue to participate in other perquisite programs, and expense reimbursement and vacation policies, as all such foregoing plans, programs and policies may be in effect from time to time (collectively, the “**Plans**”). For purposes of this Agreement, the term Plans expressly excludes the LyondellBasell Executive Severance Plan.

b. Benefits Following Separation Date. Subject to Executive (i) not voluntarily terminating his employment with the Company prior to the Separation Date, (ii) not being terminated by the Company for Cause, and (iii) the requirements of Section 7 below, Executive shall be entitled to the following benefits:

- i. 2019 STI Annual Bonus. Executive will remain eligible to receive an annual incentive bonus payment for calendar year 2019 under the STI Plan, with Executive being treated as having terminated employment due to “Retirement” (as defined in the STI Plan) on December 31, 2019 (the “**2019 STI Annual Bonus**”). The calculation and payment of the 2019 STI Annual Bonus will be determined in good faith, in accordance with the terms and conditions of the STI Plan and, if applicable, shall be paid to Executive at the same time (but no later than March 15, 2020) and subject to the same administrative procedures that bonuses under the STI Plan are paid to the Company’s other executive officers. Executive acknowledges and agrees that, as part of its determination under the STI Plan, the Company may, in its sole discretion, ultimately determine annual incentive bonuses are not payable for a certain calendar year. Executive’s individual performance rating is agreed at the “Meets Expectations” level.
- ii. Pro Rata Treatment of Awards Under LTI Plan. Executive’s rights or benefits with respect to any Awards under the LTI Plan, including any Stock Awards, Options, or Performance Awards, shall be subject to pro rata treatment due to “Retirement” (as defined in the applicable Award Agreements) effective as of December 31, 2019, and any Options will not expire until five years following the Separation Date. The terms “Awards”, “Stock Awards”, “Options”, “Performance Awards”, and “Award Agreements” are defined in the LTI Plan and shall have the same meaning in this Agreement.
- iii. Benefits Continuation. Following the Separation Date, Executive shall, to the fullest extent permitted by the plans and applicable law, be eligible to continue his coverage under the Company’s medical, dental, vision and life benefit plans (as in effect from time to time) (collectively, the “**Company Welfare Plans**”) by electing continuation coverage pursuant to the requirements of the Company Welfare Plans and the Consolidated Omnibus Budget Reconciliation Act, Section 4980B of the Internal Revenue Code and any similar state law (“**COBRA**”). If Executive elects COBRA coverage under any of the Company Welfare Plans, he shall be solely responsible for the full premium payments. Executive may convert any life insurance policies as permitted by applicable state law.

c. Transition Payment. Subject to Executive (i) not voluntarily terminating his employment with the Company prior to the Separation Date, (ii) not being terminated by the Company for Cause, and (iii) the requirements of Section 7 below, in consideration for the Executive agreeing to the Restrictive Covenants in this Agreement, and in addition to all other compensation and benefits provided in the Agreement, Executive shall be entitled to a transition payment in the amount of \$500,000. \$250,000 shall be payable in a lump sum on the Separation Date and the remaining \$250,000 shall be paid in twelve equal monthly installments over the one-year period following the Separation Date; provided, however, that such monthly payments shall cease if Executive violates any terms of this Agreement or the Second Release (as defined below).

3. **Administration of Compensation and Benefits Plans.** Executive understands and agrees that, except as expressly provided for in this Agreement, all compensation and benefit plans, policies and programs in which Executive participates because of employment with the Company, shall be administered pursuant to their standard terms, provisions and administrative practices and policies that are then in effect, as interpreted and applied by the Company or the plan administrator(s) as applicable.

4. **No Additional Entitlements.** Executive understands and acknowledges that he will have no further entitlements, other than (a) those specifically recited in this Agreement and (b) accrued rights and entitlements that have vested as of the Separation Date under the Plans. The Company has provided Executive with a benefits summary and will provide an updated benefits summary to him on or before the Separation Date. Executive hereby acknowledges that he has no interest in or claim of right to any severance benefits, reinstatement, reemployment or employment with the Company (except employment during the Transition Period), and Executive forever waives any interest in or claim of right to any severance benefits or future employment by the Company.

5. **Withholding.** All payments required to be made by the Company under this Agreement to Executive shall be subject to withholding of such amounts relating to taxes as the Company may reasonably determine it should withhold pursuant to any applicable law or regulation.

6. **Internal Revenue Code Section 409A.** The parties agree that the payments made pursuant to this Agreement do not constitute deferred compensation for purposes of Section 409A of the Internal Revenue Code of 1986 and its accompanying regulations (“**Section 409A**”). Specifically, any payment described in this Agreement will be made in a manner that will cause such payment to be a short-term deferral as described in Treas. Reg. § 1.409A-1(b)(4). This Agreement shall be implemented and construed in a manner to give effect to the foregoing. In no event whatsoever shall the Company be liable for any tax, interest or penalties that may be imposed on Executive pursuant to Section 409A. Neither the Company nor any of its affiliates have any obligation to indemnify or otherwise hold Executive harmless from any such taxes, interest or penalties, or liability for any damages related thereto.

7. **Execution of Agreement; Release of Claims.** The payments and benefits to Executive pursuant to this Agreement are contingent upon (a) Executive executing and delivering to the Company this Agreement, including the general release of claims under Section 8 below (the “**Initial Release**”), by 5:00 p.m. (BST/BDST) on May 30, 2019, (b) Executive executing and delivering to the Company within twenty-one (21) calendar days following the Separation Date, a release of claims in substantially the same form as Attachment A to this Agreement, effective as of that date (the “**Second Release**” and together with the Initial Release, the “**Releases**”) and (c) the Executive not revoking either of the Releases.

8. **General Release.** Except as expressly provided in this Agreement, Executive releases the Company (and its affiliates, assigns, fiduciaries, insurers, owners, parents, predecessors, subsidiaries, successors and other entities related to it), and its and their past and present benefit plans, directors, employees, officers, and other entities or individuals acting for any of them. Executive releases these entities and individuals from any known or unknown claims of any type to date regarding his employment, its end, or the Company. This means Executive waives (“gives up”) these claims, to the fullest extent allowed by law, such as claims for:

- unlawful discrimination, harassment or retaliation, such as under the Age Discrimination in Employment Act (“ADEA”), and that any such unlawful activity affected any payment in this Agreement;
- violation of any other federal, state, local, common law or foreign legal requirements, such as any regarding accommodations, background checks, consortium loss, constructive discharge, fiduciary duty, health/safety, indemnification, information/records requirements, leaves of absence, negligence, notice obligations, public policy, torts, and whistleblowing;
- violation of any express or implied contract/covenant/duty/promise, and any intellectual property/proprietary right;
- compensation, severance, benefits, insurance, damages, equitable relief, attorney fees, costs, interest and penalties; and
- participation in any class or collective action.

9. **Exclusions from General Release.** Excluded from the General Release in Section 8 above are any claims arising after Executive signs this Agreement; claims for breach of this Agreement; claims for defense and indemnification as provided for in Section 13 of this Agreement and claims for coverage under the Company’s Directors and Officers insurance policies applicable to Executive’s duties arising from employment with the Company; and claims or rights which cannot be waived by law, including Executive’s right to receive vested benefits under the terms of the Company’s benefit plans. Also excluded from the General Release is Executive’s right to file a charge with an administrative agency or participate in any agency investigation. Executive is, however, waiving his right to recover any money in connection with such a charge or investigation. Executive is also waiving his right to recover money in connection with a charge filed by any other individual or by the Equal Employment Opportunity Commission or any other federal or state agency, except that he may receive money properly awarded by the U.S. Securities and Exchange Commission as a securities whistleblower incentive.

10. **Covenant Not to Sue.** A “covenant not to sue” is a legal term that means Executive promises not to file a lawsuit in court. It is different from the General Release of claims contained in Section 8 above. Besides waiving and releasing the claims covered by Section 8 above, Executive further agrees never to sue the Company or join any lawsuit against the Company in any forum for any reason, with respect to claims, laws or theories covered by the General Release language in Section 8 above, but excluding claims excluded from the General Release language in Section 9 and provided further that Executive may bring a claim against the Company to enforce this Agreement or to challenge the validity of this Agreement under the ADEA. If Executive sues the Company in violation of this Agreement, he shall be liable to the Company for its reasonable attorneys’ fees and other litigation costs incurred in defending against such a suit. Alternatively, if Executive sues the Company in violation of this Agreement, the Company can require Executive to return all but \$5,000 of the money paid to him pursuant to this Agreement. In that event, the Company shall be excused from making any further payments or continuing any other benefits otherwise owed to Executive under Section 2 of this Agreement or under Section 3 of the Second Release , it being acknowledged, that it would not violate any part of this Agreement for Executive to sue Company to enforce this Agreement, or to challenge the validity of this Agreement under the ADEA.)

11. **Claims Against Executive.** The Company represents that it is not aware of any claims, or any circumstances that could lead to a claim, against Executive.

12. **Acknowledgement of Obligations.** Executive acknowledges and reaffirms his obligations under any agreements he has previously signed or made with the Company relating to the protection of the Company’s intellectual property rights, including any agreements in which Executive promised to maintain the confidentiality of the Company’s trade secrets or any other proprietary Company information, and agreements in which he acknowledged and conceded to Company’s rights to any inventions or ideas he generated during his employment. Executive also acknowledges his continuing obligation to maintain the confidentiality of any communication covered by the attorney-client privilege.

13. **Indemnification.** The Company shall defend and indemnify Executive with respect to Executive’s actions in the performance of Executive’s duties arising from his employment and performance as an officer and employee to the fullest extent permitted by the Company’s Bylaws and supporting policies, or any applicable indemnification agreement as in effect from time to time.

14. **Confidentiality.** Executive agrees to keep the existence and terms of this Agreement and the Second Release, and the discussions with the Company regarding both releases, confidential. Executive further agrees that neither the existence, the terms, nor the discussions with the Company regarding this Agreement and the Second Release shall be disclosed or communicated in any manner except (a) as required by legal proceedings to secure compliance with or enforcement of the terms of this Agreement or Second Release; (b) in response to any proper subpoena, court order, or lawful discovery request in litigation; (c) to Executive’s spouse or domestic partner, financial or legal advisors, all of whom shall agree to keep such information confidential. The consideration provided in Section 2 of this Agreement is contingent on Executive keeping the confidentiality promise contained in this Section 14. Executive acknowledges the Company’s right to enforce this confidentiality provision in any court of competent jurisdiction. Executive further agrees that if he breaches this confidentiality provision, the Company may be irreparably harmed as a matter of law and could be entitled to immediate injunctive relief.

The confidentiality obligations in this Agreement do not prohibit Executive from reporting possible violations of federal or state law or regulation to any governmental agency or entity or from making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation, nor do the confidentiality obligations require him to notify the Company regarding any such reporting, disclosure or cooperation with the government.

15. **Board Assignments.** The Company will permit Executive to take on one board assignment with a third-party company during the Transition Period, so long as Executive's performance of such assignment does not violate Section 16 below. Following the Transition Period, Executive may take on board assignments with third-party companies in his sole discretion, so long as Executive's performance of such assignment does not violate Section 16 below.

16. **Restrictive Covenants.** During the Transition Period and continuing for a period of one year following the Separation Date, Executive will not, directly or indirectly, without the Company's prior written consent, do any of the following:

- Solicit any business competitive with any of the Company's business segments (e.g., Advanced Polymer Solutions, Intermediates & Derivatives, Olefins & Polyolefins, Americas, Olefins & Polyolefins, EAI, Refining, and Technology) ("**Company Business**") from any person or entity who: (a) was a customer to the Company within the eighteen (18) months before the Separation Date; and (b) with whom Executive had contact to further the Company's Business or for whom Executive performed services, or supervised the provision of services for, during Executive's employment;
- Hire, employ, recruit or solicit any employee of, or consultant to, the Company who possesses confidential information of the Company;
- Induce or influence any employee, consultant, or customer to the Company to terminate his, her or its employment or other relationship with the Company;
- Engage or participate in, or in any way render services or assistance to, any business whose primary business is competitive with the Company's Business. This restriction applies in any geographic territory for which Executive had responsibilities during the 18 months before the Separation Date;
- Assist anyone in any of the activities listed above.

17. **Breach by Executive.** In the event of a breach by Executive of any of the provisions of this Agreement, including without limitation, Executive's obligations under Section 16, the Company's obligation to make any payment or provide any benefits under this Agreement will immediately cease.

In addition, Executive acknowledges that irreparable harm would result from a breach by Executive of this Agreement's provisions, and that monetary damages alone would not provide adequate relief for such breach. Accordingly, if Executive breaches or threatens to breach this Agreement, Executive consents to injunctive relief in favor of the Company without the necessity of Company posting a bond. Moreover, any award of injunctive relief shall not preclude the Company from seeking or recovering its attorneys' fees and associated costs incurred because of any attempt to redress a breach by Employee or to enforce its rights and protect its interests under the Agreement. Executive's obligations, releases, and promises in this Agreement shall survive and be continuing in the event of a breach by Executive. Executive specifically acknowledges and agrees that the consideration provided in this Agreement is sufficient for the continuing obligations, releases and covenants herein.

18. **Non-Admissions.** The fact and terms of this Agreement are not an admission by the Company of liability or other wrongdoing under any law.

19. **Additional Executive Acknowledgments.** Executive also agrees that:

- * He is entering this Agreement knowingly and voluntarily;
- * He has been advised by this Agreement to consult with an attorney before signing this Agreement;
- * He understands he may take up to twenty-one (21) days to consider this Agreement before signing it and that such twenty-one (21) day period commenced on and was inclusive of May 10, 2019 when the Company initially presented the Agreement to Executive; and in accordance with 29 C.F.R. § 1625.22(e), the twenty-one (21) day period was not restarted or tolled while the Company and Executive negotiated the final terms of the Agreement;
- * He is not otherwise entitled to the consideration provided in Section 2;
- * He is not entitled to Severance under the Executive Severance Plan; and
- * This Agreement and its attachments are the entire agreement between him and the Company regarding the transition of his Executive Vice President, Chief Financial Officer duties through the Transition Period, and the terms of his continued employment through the Separation Date.

20. **Revocation.** After Executive signs this Agreement, he will have seven days to revoke it if he changes his mind. If Executive wants to revoke the Agreement, he should deliver a written revocation to the Company's Chief Legal Officer within seven days after he signs it.

21. **Mutual Non-disparagement.** Executive on the one hand and the Company on the other, agree not to make statements that criticize or otherwise disparage the other (or, in the case of the Company, any of its management practices, operations or products) which, viewed objectively, disrupts or impairs the other's normal, ongoing business operations, or harms the other's reputation with other employees, customers, suppliers, regulators or the general public; provided, however, that for purposes of its obligation under this Section 21, the Company's obligations shall be limited to reasonably controlling the actions of its executive officers. This provision does not apply on occasions when either party is subpoenaed or ordered by a court or other governmental authority to testify or give evidence and must respond truthfully. This provision also does not apply on occasions when Executive is speaking with representatives of the Company as part of a Company investigation. Executive understands that the foregoing non-disparagement provision does not apply on occasions when he provides truthful information in good faith to any federal, state or local governmental body, agency, or official investigating an alleged violation of any anti-discrimination or other employment-related law or otherwise gathering information or evidence pursuant to any official investigation, hearing, trial, or proceeding.

22. **Agreement to Cooperate.** Executive further agrees that he will reasonably cooperate with Company or its designees if his participation in any Company investigation or defense or assertion of any claims by or against the Company is deemed necessary by the Company or its representatives within two (2) years from the date of this Agreement. The Company will compensate Executive for any reasonable travel and out-of-pocket expenses incurred in connection with his cooperation.

23. **Disclosure.** Executive agrees that he has reviewed the Code of Conduct, (the “**Code**”) and agrees that he has been given an adequate opportunity to advise the Company, and has truthfully advised Company, of any facts that he is aware of that constitute or might constitute a violation of the Code, any other Company policies, or any ethical, legal or contractual standards or obligations of Company or its affiliates. If Executive should learn of such facts in the future, he agrees to report them to the Company by contacting the Company’s Chief Legal Officer or Chief Compliance Officer.

24. **Severability.** If any provision of this Agreement is determined to be unenforceable, the parties agree that such provision should be modified so that it is enforceable or, if modification is not possible, that it should be severed, and the enforceability of the remaining provisions will not be affected by such modification or severance.

25. **Arbitration.** Except for pre-hearing injunctive relief to enforce this Agreement, any dispute regarding this Agreement will be decided: by an arbitrator rather than a judge or jury; in individual binding arbitration; in Houston, Texas; under the then current American Arbitration Association Employment Arbitration Rules and Mediation Procedures (excluding supplementary class rules). The AAA rules differ from court rules and allow only limited review. But an arbitrator must honor the terms of this Agreement like in court and can award the same damages and other relief. Both parties waive their rights: to sue in court; to a jury trial; and to class or collective action participation.

26. **Governing Law.** This Agreement shall be interpreted and enforced in accordance with the laws of the State of Texas, except insofar as an interpretation or enforcement issue is governed by federal law. Executive agrees that a court of competent jurisdiction in the State of Texas will adjudicate any dispute under this Agreement.

EXECUTIVE

30 May 2019

Date

/s/ Thomas Aebischer

Thomas Aebischer

LYONDELL CHEMICAL COMPANY

30 May 2019

Date

/s/ Jeffrey Kaplan

By:
EVP & Chief Legal Officer

Title:

Attachment A

SECOND RELEASE AGREEMENT

THIS SECOND RELEASE AGREEMENT (“Second Release”) is made and entered into between Thomas Aebischer (“**Executive**”) and Lyondell Chemical Company, a Delaware corporation (together with the LyondellBasell Group and all present and former parents, subsidiaries, successors, assigns and affiliated corporations the “**Company**”). In consideration of the mutual promises made below, Company and Executive agree as follows:

1. **Termination of Employment.** Executive’s last day of employment with Company is [_____], 2019 (the “**Separation Date**”).
2. **Payment Through Separation Date.** The Company has paid Executive for all services rendered through [_____], 2019, in accordance with Company’s regular payroll schedule or as otherwise permitted under applicable state law. Executive has received all his pay, benefits and paid/unpaid time-off due. Executive has been reimbursed for all business expenses consistent with the Company’s policies.
3. **Separation Consideration.** In consideration for Executive’s agreement to the terms contained in this Second Release and for the Executive agreeing to the Restrictive Covenants in the Agreement:
 - a. **2019 STI Annual Bonus.** Executive will remain eligible to receive an annual incentive bonus payment for calendar year 2019 under the STI Plan, with Executive being treated as having terminated employment due to “Retirement” (as defined in the STI Plan) on December 31, 2019 (the “**2019 STI Annual Bonus**”). The calculation and payment of the 2019 STI Annual Bonus will be determined in good faith, in accordance with the terms and conditions of the STI Plan and, if applicable, shall be paid to Executive at the same time (but no later than March 15, 2020) and subject to the same administrative procedures that bonuses under the STI Plan are paid to the Company’s other executive officers. Executive acknowledges and agrees that, as part of its determination under the STI Plan, the Company may, in its sole discretion, ultimately determine annual incentive bonuses are not payable for a certain calendar year. Executive’s individual performance rating is agreed at the “Meets Expectations” level.
 - b. **Benefits Continuation.** Following the Separation Date, Executive shall, to the fullest extent permitted by the plans and applicable law, be eligible to continue his coverage under the Company’s medical, dental, vision and life benefit plans (as in effect from time to time) (collectively, the “**Company Welfare Plans**”) by electing continuation coverage pursuant to the requirements of the Company Welfare Plans and the Consolidated Omnibus Budget Reconciliation Act, Section 4980B of the Internal Revenue Code and any similar state law (“**COBRA**”). If Executive elects COBRA coverage under any of the Company Welfare Plans, he shall be solely responsible for the full premium payments. Executive may convert any life insurance policies as permitted by applicable state law.

- c. **Transition Payment.** Executive shall be entitled to a transition payment in the amount of \$500,000. \$250,000 shall be payable in a lump sum on the Separation Date and the remaining \$250,000 shall be paid in twelve equal monthly installments over the one-year period following the Separation Date; provided, however, that such monthly payments shall cease if Executive violates any terms of the Agreement or the Second Release.

4. **Pro Rata Treatment of Awards Under LTI Plan.** Executive's rights or benefits with respect to any Awards under the LTI Plan, including any Stock Awards, Options, or Performance Awards, shall be subject to pro rata treatment due to "Retirement" (as defined in the applicable Award Agreements) on December 31, 2019, and any Options will not expire until five years following the Separation Date. The terms "Awards", "Stock Awards", "Options", "Performance Awards", and "Award Agreements" are defined in the LTI Plan and shall have the same meaning in this Second Release.

5. **General Release.** Except as expressly provided in this Second Release, Executive releases the Company (and its affiliates, assigns, fiduciaries, insurers, owners, parents, predecessors, subsidiaries, successors and other entities related to it), and its and their past and present benefit plans, directors, employees, officers, and other entities or individuals acting for any of them. Executive releases these entities and individuals from any known or unknown claims of any type to date regarding his employment, its end, or the Company. This means Executive waives ("gives up") these claims, to the fullest extent allowed by law, such as claims for:

- unlawful discrimination, harassment or retaliation, such as under the Age Discrimination in Employment Act ("ADEA"), and that any such unlawful activity affected any payment in this Second Release;
- violation of any other federal, state, local, common law or foreign legal requirements, such as any regarding accommodations, background checks, consortium loss, constructive discharge, fiduciary duty, health/safety, indemnification, information/records requirements, leaves of absence, negligence, notice obligations, public policy, torts, and whistleblowing;
- violation of any express or implied contract/covenant/duty/promise, and any intellectual property/proprietary right;
- compensation, severance, benefits, insurance, damages, equitable relief, attorney fees, costs, interest and penalties; and
- participation in any class or collective action.

6. **Exclusions from General Release.** Excluded from the General Release in Section 5 above are any claims arising after Executive signs this Second Release; claims for breach of this Second Release; claims for defense and indemnification as provided for in Section 10 of this Second Release and claims for coverage under the Company's Directors and Officers insurance policies applicable to Executive's duties arising from employment with the Company; and claims or rights which cannot be waived by law, including Executive's right to receive vested benefits under the terms of the Company's benefit plans. Also excluded from the General Release is Executive's right to file a charge with an administrative agency or participate in any agency investigation. Executive is, however, waiving his right to recover any money in connection with such a charge or investigation. Executive is also waiving his right to recover money in connection with a charge filed by any other individual or by the Equal Employment Opportunity Commission or any other federal or state agency, except that he may receive money properly awarded by the U.S. Securities and Exchange Commission as a securities whistleblower incentive.

7. **Covenant Not to Sue.** A “covenant not to sue” is a legal term that means Executive promises not to file a lawsuit in court. It is different from the General Release of claims contained in Section 5 above. Besides waiving and releasing the claims covered by Section 5 above, Executive further agrees never to sue the Company or join any lawsuit against the Company in any forum for any reason, with respect to claims, laws or theories covered by the General Release language in Section 5 above, but excluding claims excluded from the General Release language in Section 6 and provided further that Executive may bring a claim against the Company to enforce the Agreement (as defined below), this Second Release, or to challenge the validity of this Second Release under the ADEA. If Executive sues the Company in violation of this Second Release, he shall be liable to Company for its reasonable attorneys’ fees and other litigation costs incurred in defending against such a suit. Alternatively, if Executive sues the Company in violation of this Second Release, the Company can require Executive to return all but \$5,000 of the money paid to him pursuant to this Second Release. In that event, the Company shall be excused from making any further payments or providing any further equity vesting or other benefits otherwise owed to Executive under Section 2 of the Agreement between the parties effective as of June 1, 2019 (the “**Agreement**”) or Section 3 of this Second Release, it being acknowledged that it would not violate any part of this Second Release for Executive to sue the Company to enforce this Second Release, or to challenge the validity of this Second Release under the ADEA.

8. **Company Release of Employee.** In exchange for Executive’s General Release against the Company and non-revocation of that General Release, the Company expressly waives and releases any and all claims against the Executive that may be waived and released by law with the exception of claims arising out of or attributable to (a) events, acts, or omissions taking place after the execution of this Second Release and (b) Executive’s breach of this Second Release.

9. **Acknowledgement of Obligations.** Executive acknowledges and reaffirm his obligations under any agreements he has previously signed or made with the Company relating to the protection of Company’s intellectual property rights, including any agreements in which Executive promised to maintain the confidentiality of the Company’s trade secrets or any other proprietary the Company information, agreements in which he acknowledged and conceded to the Company’s rights to any inventions or ideas he generated during his employment, and agreements in which he promised not to work for a competitor of the Company for a specified period of time. Executive also acknowledges his obligation to maintain the confidentiality of any communication covered by the attorney-client privilege.

10. **Indemnification.** The Company shall defend and indemnify Executive with respect to Executive’s actions in the performance of Executive’s duties arising from his employment and performance as an officer and employee to the fullest extent permitted by Company’s Bylaws and supporting policies, or any applicable indemnification agreement as in effect from time to time.

11. **Non-Admissions.** The fact and terms of this Second Release are not an admission by the Company of liability or other wrongdoing under any law.

12. **Additional Executive Acknowledgments.** Executive also agrees that:

- * He is entering this Second Release knowingly and voluntarily;
- * He has been advised by this Second Release to consult with an attorney before signing this Second Release;
- * He understands he may take up to twenty-one (21) days to consider this Second Release before signing it;
- * He is not otherwise entitled to the Separation Consideration referenced in Section 3;
- * He is not entitled to Severance under the Executive Severance Plan; and
- * The Agreement and this Second Release are the entire agreement between him and the Company regarding the transition of his Executive Vice President, Chief Financial Officer duties through the Separation Date, and the terms of his continued employment through the Separation Date. Executive understands that his failure to execute this Second Release will not relieve him of any continuing obligations owed by him under the terms of the Agreement.

13. **Revocation.** After Executive signs this Second Release, he will have seven days to revoke it if he changes his mind. If Executive wants to revoke the Second Release, he should deliver a written revocation to the Company's Chief Legal Officer within seven days after he signs it. If he does not revoke this Second Release, he will receive the Separation Consideration described in Section 3 within the period set forth in Section 3.

14. **Mutual Non-disparagement.** Executive on the one hand and the Company on the other, agree not to make statements that criticize or otherwise disparage the other (or, in the case of the Company, any of its management practices, operations or products) which, viewed objectively, disrupts or impairs the other's normal, ongoing business operations, or harms the other's reputation with other employees, customers, suppliers, regulators or the general public; provided, however, that for purposes of its obligation under this Section 14, the Company's obligations shall be limited to reasonably controlling the actions of its executive officers. This provision does not apply on occasions when either party is subpoenaed or ordered by a court or other governmental authority to testify or give evidence and must respond truthfully. This provision also does not apply on occasions when Executive is speaking with representatives of the Company as part of a Company investigation. Executive understands that the foregoing non-disparagement provision does not apply on occasions when he provides truthful information in good faith to any federal, state or local governmental body, agency, or official investigating an alleged violation of any anti-discrimination or other employment-related law or otherwise gathering information or evidence pursuant to any official investigation, hearing, trial, or proceeding.

15. **Company Property.** Executive returned, did not tamper with, and has no access to, any Company property such as equipment, credit cards, keys, software, work product, hard/soft document originals/copies, current/former/prospective customer lists, confidential information of the Company (including, but not limited to Board materials, financial information, and trade secrets) and any other materials in any media. Upon request, Executive will provide the Company access to any of his personal electronic document storage accounts or electronic devices to confirm or permit removal of any Company property. Nothing here interferes with Executive's claims or rights in the Release Exclusions Section 6.

16. **Internal Revenue Code Section 409A.** The parties agree that the payments made pursuant to this Second Release do not constitute deferred compensation for purposes of Section 409A of the Internal Revenue Code of 1986 and its accompanying regulations ("**Section 409A**"). Specifically, the payment described in this Second Release will be made in a manner that will cause it to be a short-term deferral as described in Treas. Reg. § 1.409A-1(b)(4). This Second Release shall be implemented and construed in a manner to give effect to the foregoing. In no event whatsoever shall the Company be liable for any tax, interest or penalties that may be imposed on Executive pursuant to Section 409A. Neither the Company nor any of its affiliates have any obligation to indemnify or otherwise hold Executive harmless from any such taxes, interest or penalties, or liability for any damages related thereto.

17. **Tax Treatment.** Executive indemnifies the Company for any unpaid taxes, penalties, interest, attorney fees or costs regarding the tax treatment of any of this Second Release's Separation Consideration.

18. **Continuing Obligations of Agreement.** The execution of this Second Release does not supersede or otherwise relieve Executive from any continuing obligations owed by him to the Company under the terms of the Agreement.

19. **Severability.** If any provision of this Second Release is determined to be unenforceable, the parties agree that such provision should be modified so that it is enforceable or, if modification is not possible, that it should be severed, and the enforceability of the remaining provisions will not be affected by such modification or severance.

20. **Arbitration.** Except for pre-hearing injunctive relief to enforce this Second Release, any dispute regarding this Second Release will be decided: by an arbitrator rather than a judge or jury; in individual binding arbitration; in Houston, Texas; under the then current American Arbitration Association Employment Arbitration Rules and Mediation Procedures (excluding supplementary class rules). The AAA rules differ from court rules and allow only limited review. But an arbitrator must honor the terms of this Second Release like in court and can award the same damages and other relief. Both parties waive their rights: to sue in court; to a jury trial; and to class or collective action participation.

21. **Governing Law.** This Second Release shall be interpreted and enforced in accordance with the laws of the State of Texas, except insofar as an interpretation or enforcement issue is governed by federal law. Executive agrees that a court of competent jurisdiction in the State of Texas will adjudicate any dispute under this Second Release.

EXECUTIVE

Date

Thomas Aebischer

LYONDELL CHEMICAL COMPANY

Date

By:

Title:

CERTIFICATION

I, Bhavesh V. Patel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LyondellBasell Industries N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 2, 2019

/s/ Bhavesh V. Patel
Bhavesh V. Patel
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Thomas Aebischer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LyondellBasell Industries N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 2, 2019

/s/ Thomas Aebischer
Thomas Aebischer
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of LyondellBasell Industries N.V. (the Company) on Form 10-Q for the period ended June 30, 2019, as filed with the U.S. Securities and Exchange Commission on the date hereof (the Report), each of the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to their knowledge:

- (1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 2, 2019

/s/Bhavesh V. Patel

Bhavesh V. Patel

Chief Executive Officer

(Principal Executive Officer)

/s/Thomas Aebischer

Thomas Aebischer

Executive Vice President and

Chief Financial Officer

(Principal Financial Officer)