



DBS BANK LTD

SGD 100,000,000, 3.60 per cent. Notes due December 2010 (the "Notes")

**CREDIT EVENT NOTICE and NOTICE OF PUBLICLY AVAILABLE INFORMATION**

To: DBS Bank Ltd as Principal Paying Agent

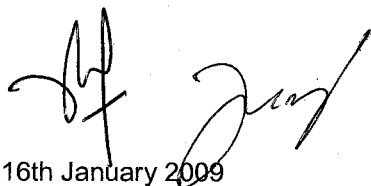
Capitalised terms used and not otherwise defined in this notice shall have the meanings given to them in the Conditions of the Notes set out in schedule 3 of the Agency Agreement dated 9 December 2005 (as amended from time to time) (the "Note Conditions").

This notice is our irrevocable Credit Event Notice to you that a Credit Event has occurred with respect to Lyondell Chemical Co. on or about 6 January 2009 when Lyondell Chemical Co. filed a Voluntary Petition under Chapter 11 of the U.S. Bankruptcy Code, which pursuant to the Note Conditions constitutes a Bankruptcy Credit Event within the definition of "Bankruptcy".

This notice also comprises our Notice of Publicly Available Information with respect to this Credit Event. Accordingly, we provide the Publicly Available Information with respect to Lyondell Chemical Co. from two Public Sources attached hereto.

Pursuant to the Note Conditions, the date hereof shall constitute the Credit Event Determination Date.

DBS BANK LTD



16th January 2009

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Lyondell, U.S. Chemical Maker, Files Bankruptcy (Update3)  
2009-01-07 00:00:36.510 GMT

(Adds analyst's comment in third paragraph.)

By Christopher Scinta and Tiffany Kary

Jan. 6 (Bloomberg) -- Lyondell Chemical Co. and other U.S. affiliates of LyondellBasell Industries AF SCA, one of the world's largest closely held chemical producers, filed for bankruptcy in New York citing waning demand for their products.

Lyondell Chemical, based in Houston, has assets of \$27.1 billion, debt of more than \$19.4 billion and more than 25,000 creditors, according to a petition filed today in U.S. Bankruptcy Court in Manhattan. Seventy-nine of the company's affiliates also will file for court protection, including Basell Finance USA Inc., according to the filing.

"They have no pricing power and volumes are down," said Gene Pisasale, who helps oversee about \$13 billion at PNC Capital Advisors in Baltimore. "With that combination, you're heading into the trough."

LyondellBasell said it sought protection for its U.S. business because of a "dramatic softening in demand" during the past six months as well as "unprecedented volatility in raw materials costs." The company said in a statement that it expects a recovery during 2009.

Chemical makers including DuPont Co. and Dow Chemical Co. have been shutting factories and cutting jobs as the global financial crisis reduces demand for plastics and chemicals used in homes and automobiles.

#### Biggest Creditor

Lyondell's largest unsecured creditor is the Bank of New York Mellon Corp., as trustee for \$615 million in unsecured notes, as well as \$241.4 million in unsecured notes in affiliate Millennium America Inc., according to the court filing. LyondellBasell is saddled with \$26 billion in debt. Its largest lenders include Merrill Lynch & Co., Goldman Sachs Group Inc. and Citigroup Inc.

Standard & Poor's predicted "substantial principal losses for some creditors" of LyondellBasell, analysts led by Frankfurt-based Tobias Mock wrote in a Dec. 30 report.

Petroleos De Venezuela, the Venezuelan state-owned oil company was listed as a third-largest unsecured creditor, with \$233.6 million in trade debt.

Lyondell's Houston Refining unit imported an average of 198,000 barrels a day of crude oil from Venezuela in the first nine months of last year, according to U.S. Energy Department data. The refinery has a contract to buy 230,000 barrels a day of oil from Petroleos de Venezuela, according to a Nov. 13 securities filing. PDVSA, as the company is known, didn't immediately return a call seeking comment.

#### BASF Claim

BASF Corp., based in Florham Park, New Jersey, may have a claim worth \$206.4 million under a judgment against the company which is

"contingent and disputed," according to court documents. The company is a unit of BASF SE, the world's largest chemical producer, based in Ludwigshafen, Germany.

Earlier today, Lyondell Chemical said in a regulatory filing it was in talks with creditors about deferring debt payments.

The company's bankruptcy petition was filed by lawyers, including partner Deryck Palmer, at New York-based Cadwalader, Wickersham & Taft.

LyondellBasell said Dec. 31 that it was considering alternatives, including a Chapter 11 filing, to restructure debt that financed its \$12.7 billion merger a year ago.

Lyondell Chemical Worldwide's 10.25 percent notes due 2010 most recently traded at 16 cents on the dollar today, according to Trace. The Lyondell Chemical unit's 9.8 percent notes due 2020 traded at 22 cents on the dollar today. No quote was available for the 8.375 percent notes due 2015.

#### Tightening Credit

The decline in Lyondell's bonds was precipitated by the company's disclosure on its third-quarter earnings call that suppliers were tightening credit terms, coinciding with the global credit crunch, Andrew Brady, a New York-based analyst at CreditSights Inc., said in an interview.

"They were already highly levered going into the trough, and then the credit markets froze," Brady said. "The biggest surprise may be how quickly it happened."

Lyondell Chemical is partly owned by Access Industries Holdings LLC in New York, founded by billionaire Len Blavatnik.

LyondellBasell was created in December 2007 by the \$12.7 billion acquisition of Lyondell Chemical and affiliate Equistar Chemicals LP by Dutch chemicals company Basell AF SCA. The combination created one of the world's largest independent chemical producers with 16,000 employees and pro-forma sales of \$54.6 billion in the year through September, according to its Web site.

#### Bankruptcy Financing

Access Industries agreed to provide \$750 million of the \$3.25 billion in loans to fund Lyondell Chemical's operations during bankruptcy, Access said in a statement distributed by PR Newswire.

Goldman Sachs, Merrill, Citigroup and other banks arranged the financing, which includes \$12.5 billion of first-lien bank loans, \$5.5 billion of second-lien notes and loans and \$2.5 billion of third-lien notes and loans, according to S&P.

LyondellBasell makes polymers and petrochemicals, and refines crude oil and gasoline-blending products. Its lenders include Royal Bank of Scotland Group Plc's Dutch ABN Amro unit and UBS AG.

The case, assigned to Judge Robert Gerber, is In re: Lyondell Chemical Co., 09-10023, U.S. Bankruptcy Court, Southern District of New York (Manhattan).

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## LyondellBasell U.S. units file for bankruptcy

Tue, 6 Jan 2009 23:42:00 GMT

(Adds comment from Access Industries' Blavatnik)

By Chelsea Emery and Matt Daily

NEW YORK, Jan 6 (Reuters) - The U.S. operations of LyondellBasell, the world's third-largest petrochemical company, filed for bankruptcy protection under the weight of a massive debt load and slumping demand for its products.

The company had taken on billions of dollars in debt obligations a year ago, when billionaire Len Blavatnik led a \$12.7 billion leveraged buyout of U.S. firm Lyondell by Basell of the Netherlands.

The New York bankruptcy filing on Tuesday included almost 80 units of the company and encompassed its U.S. operations and a European financing arm. The company's non-U.S. operations are not included in the Chapter 11 bankruptcy and are continuing to operate as usual.

LyondellBasell Industries [ACCEIN.UL], whose products range from fuels to chemicals and plastics, is owned by the Russian-born Blavatnik through New York-based Access Industries and is based in the Netherlands.

The U.S. operations have obtained \$8 billion in debtor-in-possession financing to help fund operations, including \$750 million from Access Industries.

The privately held company, which operates a massive refining and processing plant in Houston, has suffered from plunging demand for chemicals as industries such as autos, housing and electronics weakened. Tight credit markets have made renegotiating debt difficult.

NOT ALONE

The company is not alone in its struggles.

"We're getting back to the kind of scenario that played out earlier this decade when we had five or six defaults per year," said Kyle Loughlin, analyst with Standard & Poor's.

"We've have seen a lot of LBOs in the chemical sector in the five years preceding 2008, and we have a number of very highly leveraged companies in the sector. They obviously would be a group of companies that we are watching."

Among LyondellBasell's largest creditors were Venezuelan oil company Petroleos de Venezuela (PDVSA), Algerian energy

group Sonatrach, Exxon Mobil Corp XOM.N

More RIC info...

and Dow Chemical Co  
DOW.N

More RIC info...

LyondellBasell's lenders include Merrill Lynch, Goldman

Sachs Group Inc GS.N

More RIC info...

, Citigroup Inc  
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More RIC info...

, ABN AMRO and UBS  
Securities LLC UBSN.VX

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, according to filings.

LyondellBasell, which employs 17,000 workers and had revenue of \$44.7 billion in 2007, has seen its liquidity drop to \$639 million currently from \$1.67 billion at the end of the third quarter, falling short of its quarterly interest and maintenance costs.

Its products are used in numerous products including fuels, rigid and flexible packaging, plastic pipe, detergents, cosmetics, electronics and appliances.

DIP FINANCING Of the DIP financing, \$3.25 billion is new funding, another \$3.25 billion represents a refinancing of some obligations under LyondellBasell's existing senior secured credit facilities and \$1.515 billion represents replacement of existing working capital facilities, the company said in a release. The funding will be used to help restructure its debts.

Access Industries will contribute \$750 million of the new funding, the company said in a release.

"Access is committed to help LyondellBasell position for long-term success by addressing the challenges caused by the global economic crisis," Blavatnik said in a statement.

The bankruptcy filing was made in the U.S. Bankruptcy Court for the Southern District of New York (case numbers 09-10021-reg and 09-10023-reg). (Additional reporting by Anna Driver in Houston) (Reporting by Chelsea Emery and Matt Daily; Editing by Andre Grenon and Matthew Lewis)

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