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Case No. 3176

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE
IN AND FOR NEW CASTLE COUNTY

WALTER E. RYAN JR, Individually and on behalf of all others similarly situated, Plaintiff, Plaintiff, v. LYONDELL CHEMICAL COMPANY, DAN F. SMITH, CAROL A. ANDERSON, SUSAN K. CARTER, STEPHEN I. CHAZEN, TRAVIS ENGEN, PAUL S. HALATA, DANNY W. HUFF, DAVID J. LESAR, DAVID J.P. MEACHIN, DANIEL J. MURPHY, WILLIAM R. SPIVEY, BASELL AF, BIL ACQUISITION HOLDINGS LIMITED, Defendants.	Civil Action No.

CLASS ACTION COMPLAINT

1. This class action is brought on behalf of the public shareholders of Lyondell Chemical Company ("Lyondell") against Lyondell, its Board of Directors ("Board" or "Individual Defendants") (collectively, "Lyondell Defendants" of "Company"), Basell AF and BIL Acquisition Holdings Limited ("Basell" or "Buyout Group").

NATURE OF THE ACTION

2. On July 4, 2007, Basell was outbid by Apollo Management in its attempt to acquire Huntsman Corporation, one of Lyondell's competitors.

3. Less than two weeks later, on July 17, 2007 Lyondell announced that it was being acquired by Basell AF in a cash-for-stock transaction.

4. According to SEC Filings and media reports, Lyondell shareholders will receive $48 per share. The total transaction values the Company at $12.6 billion, a premium of only 18% over the pre-announcement price. However, given that the Company's profits have substantially risen and continue to rise, the price is grossly insufficient, depriving public shareholders of precisely the growth they purchased by investing in Lyondell.

5. Defendants summarily sold Lyondell, at a grossly unfair price, without conducting an adequate sale process. The Board's interests in selling the Company speedily starkly contrast with their duties to maximize shareholder value and the sale price.

6. In fact, Defendant Smith, Lyondell's Chairman and CEO showed grave concern for the process evidenced by the Preliminary Proxy Statement which states:

> Defendant Smith raised four issues with Mr. Blavatnik: increasing the proposed price; adding to the merger agreement a "go-shop" provision that would allow Lyondell to actively solicit other offers for 45 days after signing a merger agreement with Basell; providing for a 1% break up fee during that 45 day period; and reducing the break up fee after the end of the "go-shop" period to less than the $400 million that Mr. Blavatnik had proposed. After discussion, Mr. Blavatnik responded that he had already provided his best and final proposal on price, that he would not agree to a go-shop and that it was essential to him that the transaction be agreed upon very quickly.

Nonetheless, Lyondell's Board caved to Basell and sold itself.

7. Defendants Preliminary Proxy statement indicates that there was no auction or even an adequate market test to value Lyondell. In fact, Lyondell agreed to a $385 million termination fee without contacting a single bidder for the Company as a whole or any of its parts.

8. Furthermore, the Company has agreed to the Buyout at an entirely unfair price achieved through an unfair process designed to benefit incumbent management and Basell, to the detriment of Plaintiff and the Class. In addition, the Buyout lacks many of the fundamental hallmarks of financial fairness, includes unfair and unreasonable deal protections and lacks important disclosures which shareholders need in order to cast an informed vote on the transaction.

9. Plaintiff Ryan asserts that this price is grossly insufficient. Instead of finding fair value for Lyondell, the management and Board of Directors breached their fiduciary duties to maximize shareholder value and the sale price by agreeing to a transaction that leaves the shareholders in a worse position than if the transaction did not occur.

10. Different from other shareholders, the transaction poses substantial, unique benefits to the Individual Defendants. The Individual Defendants' interests materially diverge from those of the public common shareholders because the Individual Defendants will receive millions of dollars in vested stock options and restricted stock awards.

11. According to the Agreement and Plan of Merger among Basell AF, BIL Acquisition Holdings Limited and Lyondell Chemical Company dated as of July 16, 2007 ("Merger Agreement") the Individual Defendants will reap the following benefits: (1) Lyondell's Officers have a new role in the surviving entity and (2) Defendants will receive hundreds of thousands, perhaps millions, of dollars in immediate payoff through the acceleration of the vesting of restricted stock and stock options.

12. Because of their self interest, Defendants agreed to inadequate consideration, selling the Company to uniquely benefit themselves leaving Lyondell's shareholders, to whom Defendants owe fiduciary duties, without a full and fair value for their shares.

13. The $385 million termination fee and No Solicitation provisions in the Merger Agreement harm shareholders by impeding the Individual Defendants' ability freely to investigate and obtain a more beneficial offer.

14. Defendants have also filed a misleading and deficient Preliminary Proxy Statement requesting shareholders to approve the transaction without sufficient information.

15. For these reasons and as set forth in detail herein, Defendants have violated their fiduciary duties of loyalty, due care, and full and fair disclosure (or aided and abetted those breaches of fiduciary duties) in approving the Merger Agreement.

PARTIES

16. Plaintiff Walter E. Ryan Jr. has owned shares of Lyondell since at least July 17, 2003 and continues to so own them.

17. Defendant Lyondell Chemical Company is a Delaware corporation with its principal place of business at 1221 McKinney Street, Suite 700, Houston, Texas. Lyondell is North America's third-largest independent, publicly traded chemical company. Lyondell is a leading global manufacturer of chemicals and plastics, a refiner of heavy, high-sulfur crude oil and a significant producer of fuel products.

18. Defendant Dan F. Smith has been the Chief Executive Officer of Lyondell since December 1996, President since August 1994 and a director since October 1988

Defendant Smith also serves as the Chief Executive Officer of Equistar and the Chief Executive Officer of Millennium. Defendant Smith served as Chief Operating Officer of Lyondell from May 1993 to December 1996. Prior thereto, Defendant Smith held various positions including Executive Vice President and Chief Financial Officer of Lyondell, Vice President, Corporate Planning of ARCO and Senior Vice President in the areas of management, manufacturing, control and administration for Lyondell and the Lyondell Division of ARCO. Defendant Smith is a director of Cooper Industries, Inc. and is a member of the Partnership Governance Committee of Equistar. Defendant Smith is a member of the Executive Committee of the Board of Directors.

19. Defendant Carol A. Anderson was elected as a director of Lyondell effective December 11, 1998. She is the Managing Director of New Century Investors, LLC, which manages private equity investments in high technology ventures. Prior thereto, Defendant Anderson served as Managing Director of TSG International. From 1993 until March 1998, Ms. Anderson served as Managing Director of Merrill International, Ltd., which developed energy projects worldwide.

20. Defendant Susan K. Carter has been a director of Lyondell since January 1, 2007. Ms. Carter is the Executive Vice President and Chief Financial Officer of Lennox International Inc. (a leading provider of climate control solutions for heating, air conditioning and refrigeration markets around the world). Prior to joining Lennox, Defendant Carter served as Vice President, Finance at Cummins Inc. and as Vice President, Finance and Chief Financial Officer at Honeywell International, Inc. Transportation and Power Systems. Prior to joining Honeywell, Defendant Carter held

various senior financial management positions at AlliedSignal, Crane Co. and DeKalb Corporation.

21. Defendant Stephen I. Chazen has served as a director of Lyondell since August 22, 2002. Defendant Chazen is Senior Executive Vice President and Chief Financial Officer for Occidental Petroleum Corporation (an oil and gas exploration and production company and a marketer and manufacturer of chemicals).

22. Defendant Travis Engen was elected as a director of Lyondell effective April 1, 1995. Defendant Engen served as President and Chief Executive Officer of Alcan Inc. (an aluminum manufacturer and supplier of packaging materials) from March 12, 2001 until March 11, 2006. Prior thereto, Defendant Engen served as Chairman and Chief Executive of ITT Industries, Inc. (a diversified manufacturing company). Defendant Engen is Chair of the Compensation and Human Resources Committee and is a member of the Corporate Responsibility and Governance Committee and the Executive Committee.

23. Defendant Paul S. Halata was elected as a director of Lyondell effective February 9, 2006. Defendant Halata served as President and Chief Executive Officer of Mercedes-Benz USA, LLC from 1999 until August 2006. Defendant Halata is a member of the Corporate Responsibility and Governance Committee.

24. Defendant Danny W. Huff was elected as a director of Lyondell effective August 5, 2003. Defendant Huff served as Executive Vice President, Finance and Chief Financial Officer of Georgia-Pacific Corporation, one of the world's leading manufacturers of tissue, packaging, paper, building products, pulp and related chemicals,

from November 1999 through December 2005. Defendant Huff is Chair of the Audit Committee and is a member of the Compensation and Human Resources Committee.

25. Defendant David J. Lesar was elected as a director of Lyondell effective July 28, 2000. Since 2000, he has served as Chairman, President and Chief Executive Officer of Halliburton Company, one of the world's largest diversified energy services, engineering and construction companies. Defendant Lesar is a member of the Audit Committee, the Compensation and Human Resources Committee and the Executive Committee.

26. Defendant David J.P. Meachin has served as a director of Lyondell since December 1, 2004. Defendant Meachin served as a director of Millennium Chemicals Inc. since its demerger (i.e., spin-off) from Hanson PLC in October 1996 until November 30, 2004. Defendant Meachin has been Chairman, Chief Executive and founder of Cross Border Enterprises, L.L.C., a private international merchant banking firm, since its formation in 1991. Defendant Meachin is a member of the Advisory Board of Gow & Partners, an executive recruiting firm, a director and past Vice Chairman of the University of Cape Town Fund in New York, a director and past Chairman of the British American Educational Foundation, a member of the Advisory Board of the South African Chamber of Commerce America, and a member of the Advisory Board of Structured Credit International Corp (SCIC). Defendant Meachin is a member of Corporate Responsibility and Governance Committee.

27. Defendant Daniel J. Murphy was elected as a director of Lyondell effective February 9, 2006. Defendant Murphy is President, Chief Executive Officer and Chairman of the Board of Alliant Techsystems Inc., a supplier of aerospace and defense

products ("ATK"). Defendant Murphy has been Chief Executive Officer of ATK since 2003 and Chairman since April 2005.

28. Defendant William R. Spivey was elected as a director of Lyondell on July 5, 2000. Defendant Spivey was Chief Executive Officer and President of Luminent Inc. from 2000 to 2001. Defendant Spivey is Chair of the Corporate Responsibility and Governance Committee and is a member of the Audit Committee.

29. Defendant Basell AF is the global leader in polyolefin technology, production and marketing. It is the largest producer of polypropylene and advanced polyolefin products; a leading supplier of polyethylene and catalysts, and the industry leader in licensing polypropylene and polyethylene processes, including providing technical services for its proprietary technologies. Basell, together with its joint ventures, has manufacturing facilities in 19 countries and sells products in more than 120 countries. Basell is privately owned by Access Industries. Access Industries is a privately held, U.S.-based industrial group with long-term holdings worldwide. Access was founded in 1986 by Chairman, Len Blavatnik, an American industrialist. Access' industrial focus spans three key sectors: natural resources and chemicals; telecommunications and media; and real estate.

30. Defendant BIL Acquisition Holdings Limited is a Delaware corporation formed July 13, 2007 for the purpose of affecting the LBO. BIL Acquisition Holdings Limited's registered agent in Delaware is Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808.

31. The members of the Company's Board of Directors owed and continue to owe the public shareholders fiduciary duties to extract the best price available for the

Company's shares. Those duties are particularly important because the Buyout Group is only interested in obtaining the Company for the lowest amount of consideration possible.

32. Unless the Court enjoins the Buyout, the Individual Defendants will engage in further breaches of their fiduciary duties to the Company's shareholders as evidenced by the Board's willingness to accept the Buyout Group's terms without adequate arms-length negotiation and to consummate the transaction on terms beneficial to Basell and Lyondell management and not to the public shareholders of the Company. These actions will result in irreparable harm to the members of the Class.

33. The members of the Buyout Group have and will continue to aid and abet the Individual Defendants' breaches of fiduciary duty. Indeed, the Merger cannot take place without the active participation of Basell and its members. Furthermore, the Buyout Group will be the beneficiaries of the wrongs complained of and will be unjustly enriched to the detriment of the Company's shareholders. Basell is aware that the Individual Defendants are fiduciaries and have apparently actively and knowingly participated in the Buyout in order to obtain the substantial financial benefits at the expense of the stockholders.

CLASS ACTION ALLEGATIONS

34. Plaintiff brings this action pursuant to Court of Chancery Rule 23, individually and on behalf of the public shareholders of Lyondell common stock (the "Class"). The Class specifically excludes the Defendants herein, and any person, firm, trust, corporation or other entity related to, or affiliated with, any of the Defendants.

35. This action is properly maintainable as a class action.

36. The Class is so numerous that joinder of all members is impracticable. As of February 28, 2007, Lyondell had 247,856,254 shares of common stock outstanding. Members of the Class are scattered throughout the United States and are so numerous that it is impracticable to bring them all before this Court.

37. Questions of law and fact exist that are common to the Class including, among others:

a. whether the Individual Defendants have breached their fiduciary duties owed to plaintiff and the Class;

b. whether Individual Defendants have failed to maximize strategic alternatives in violation of their fiduciary duties;

c. whether the Defendants who are not directors of Lyondell have aided and abetted the breaches committed by the Individual Defendants; and

d. whether Plaintiff and the other members of the Class will be irreparably damaged if Defendants' conduct complained of herein continues.

38. Plaintiff is committed to prosecuting this action and has retained competent counsel experienced in litigation of this nature. Plaintiff's claims are typical of the claims of the other members of the Class and Plaintiff has the same interests as the other members of the Class. Accordingly, Plaintiff is an adequate representative of the Class and will fairly and adequately protect the interests of the Class.

39. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications with respect to individual members of the Class, which would establish incompatible standards of conduct for defendants, or adjudications with respect to individual members of the Class which

would, as a practical matter, be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.

40. Preliminary and final injunctive relief on behalf of the Class as a whole is entirely appropriate because defendants have acted, or refused to act, on grounds generally applicable and causing injury to the Class.

SUBSTANTIVE ALLEGATIONS

A. MANAGEMENT AND THE BOARD SELL THE COMPANY WITHOUT A FULL AND ADEQUATE PROCESS

41. Defendants have breached their duty of loyalty to the Lyondell shareholders by agreeing to sell the Company on terms adverse to the shareholders interest. Under the terms of the Merger Agreement, the Company's shareholders are to receive $48 per share in cash for each share of Lyondell stock they own. While the $48 per share price represents a 16% premium to the average closing price of July 16, 2007, the acquisition does not reflect the full value of the Company. Further, the Merger Agreement only serves to prevent an adequate market check through a $385 million termination fee and unusual provisions meant to favor the acquirer.

42. Just as Lyondell was going to enter a cash flush period, the Board sold Lyondell away from the public shareholders, who had financed the Company up to that point, content on giving the future profits away to Basell.

43. Lyondell's recent acquisition of Citgo's interest in their Houston Oil refinery joint venture has yet to recognize its full potential. The refinery holds 1.5% of the country's refining capacity and has rare capabilities to process cheaper crude oil.

44. Despite a lagging first quarter of 2007, Lyondell has seen revenue increase exponentially over the last five years. This is a growing company, the growth was financed by the shareholders, but the profits will flow to Basell. In fact, Lyondell's latest annual report states:

> "Sales volumes have strengthened from fourth quarter 2006 levels. PO&RP segment performance remains quite strong, although fuel product amargeins are at seasonally lower level. Refining margins have also followed a seasonal decline, and first quarter 2007 results will be negatively impacted by planned maintenance. For 2007, fundamental supply and demand conditions for Lyondell's products should be relatively unchanged from the favorable condition experienced in 2006, and Lyondell should benefit from full ownership of the refinery."

45. Despite the positive outlook, and the rare 1Q07 expense, Lyondell should grow more in 2007 than 2006. This growth should be reaped by the public shareholders, not Basell.

46. The insufficiency of the price that the Lyondell public shareholders will receive has been well documented by public analysts. Frank Mitsch, industry analyst with BB&T Capital Markets in New York, has been quoted as stating: "I wouldn't be 100 percent surprised if another bidder came in." Similarly, JP Morgan analyst Jeffrey Zekauskas noted that a rival bidder may value Lyondell's refining and petrochemical assets at $50 per share or above. Moreover, "The Prudent Speculator" had a price target for Lyondell of $51.

47. Further, Lyondell has recently rid itself of any political and/or legislative risks by buying Citgo out of the Lyondell/Citgo joint venture, which has huge value in light the United States' current shortage of refinery capacity, especially for heavy "sour" crude oil that Lyondell's refinery is able to process.

48. According to Lyondell's December 31, 2006 Form 10-K, the Company's share price has significantly outperformed both its peer group and the S&P 500 since 2001. Lyondell's operating revenues have similarly increased exponentially since 2002.

49. In addition, shortly after the announcement of the Merger, the Company reported that second-quarter 2007 results from continuing operations improved versus the first quarter 2007 primarily due to record refining segment results coupled with strong fuels (MTBE/ETBE) performance. The ethylene segment results continued to reflect good volumes and operating rates with modest margin improvement.

50. The future outlook is similarly rosy, in a post-announcement press release, Defendant Smith stated: "Our outlook for our chemical and fuel businesses continues to be positive and thus far the summer season has been strong, meeting our expectations. The portfolio changes that we made over the past year, coupled with our operational focus, have positioned us to benefit in a growing global economy."

51. The Individual Defendants had a fiduciary obligation to: (a) undertake an appropriate evaluation of Lyondell's net worth as a merger/acquisition candidate; (b) act independently to protect the interests of the Company's public shareholders; (c) adequately ensure that no conflicts of interest existed between the Individual Defendants' own interests and their fiduciary obligations, and, if such conflicts exist, to ensure that all conflicts were resolved in the best interests of Lyondell's public shareholders; and (d) actively evaluate the Buyout and engage in a meaningful sale process with third parties in an attempt to maximize shareholder value and the sale price in any sale of Lyondell.

52. The Individual Defendants have breached their fiduciary duties because of the acts and transactions complained of herein, including their decision to enter into the Merger Agreement without making the requisite effort to obtain the best sale price.

53. The Buyout is not the result of arm's-length negotiations. Lyondell accepted an inadequate offer that allowed executives to be paid immediately and Basell to reap the future profits of Lyondell. Plaintiffs and all other public common stockholders of Lyondell will be damaged in that they will not receive the fair value of Lyondell's business.

54. Lyondell's Board refused to explore the sale of one or more parts of the Company to maximize shareholder value. Instead, Basell will likely realize huge profits from the sale or spin-off of the Company's segments, gains that rightfully belong to the Lyondell shareholders.

55. The Buyout is unfair and grossly inadequate from both a financial and process perspective. From a financial perspective, the fair value of Lyondell common stock, as determined by any objective valuation measure is materially in excess of the value of the consideration being offered by Basell. The Buyout does not offer consideration even approaching Lyondell's near future value.

56. The strategic and financial alternatives available to Lyondell are immense. With a number of potential buyers in its business, as well as the alternative of staying the course and allowing Lyondell's shareholders to reap the future profits, the Lyondell Board breached its fiduciary duties by hastily selling the Company without an adequate sale process.

B. THE TRANSACTION IS THE RESULT OF A FLAWED AND ABBREVIATED PROCESS

57. As detailed below, the Board breached its fiduciary duties to the Lyondell shareholders by engaging in an unfair process to sell the Company. The Merger Agreement was the result of limited negotiations, and the absence of a sale process.

1. Basell Approaches Lyondell, And Is Rejected

58. According to the Preliminary Proxy Statement, On April 10, 2006, Defendant Smith met with Leonard Blavatnik, chairman of Access Industries, Defendant Basell's parent corporation, and Philip Kassin, senior vice president and head of M&A and financing of Access Industries, in New York for an introductory meeting requested by Mr. Blavatnik.

59. Following this meeting, on April 19, 2006, Access contacted Lyondell to indicate its interest in a possible transaction. Defendant Smith indicated that Lyondell was not for sale but that Lyondell would always be interested in creating value for its shareholders.

60. On June 2, 2006, Access Industries indicated it was interested in participating in the bidding process for the potential sale of Lyondell's refining joint venture with Citgo. On June 16, 2006, Access Industries submitted a non-binding indication of interest to purchase the refining joint venture.

61. Access contacted Defendant Smith on July 12, 2006 regarding Access Industries' interest in the refinery and said that it also remained interested in a larger transaction, potentially involving all of Lyondell.

62. On July 20, 2006, Lyondell and Citgo announced that they had discontinued the exploration of the sale of the refining joint venture. Lyondell stated that,

while significant interest was expressed and multiple offers exceeded $5 billion, Lyondell had determined that the offers were insufficient to overcome the significant benefit of retaining an ownership position in the refinery. The announcement stated that Lyondell and CITGO would continue to evaluate alternatives, including the possible acquisition by Lyondell of CITGO's position in the joint venture or the continuation of the joint venture. Thereafter, Lyondell and CITGO negotiated the terms of an agreement pursuant to which Lyondell would acquire CITGO's interest in the joint venture.

2. Basell Rekindles its Interest in Lyondell And Is Rejected

63. On August 9, 2006, Access called Defendant Smith to say that Access would be sending a written indication of interest in acquiring Lyondell. The next day Access Industries and Basell sent a letter to Lyondell proposing an acquisition of all of the outstanding shares of Lyondell for a cash price of $26.50 to $28.50 per share.

64. At an August 14, 2006 special meeting of the Lyondell board of directors the Board was advised of the expression of interest from Access Industries and Basell. Defendant Smith noted that Lyondell's balance sheet was expected to strengthen within the next several years. The Board then discussed the timing of the indication of interest in light of Lyondell's then-current efforts to acquire CITGO's interest in the refinery and the long-range potential for Lyondell as compared to the amount offered. After discussion, the Board instructed Defendant Smith to advise Access Industries and Basell that it had determined that the proposal was not in the best interest of Lyondell's shareholders.

65. On August 16, 2006, Lyondell announced it had acquired CITGO's interest in the refining joint venture and entered into a new crude supply agreement with the Venezuelan national oil company for the supply of crude oil for the refinery.

66. On May 11, 2007, Lyondell received a letter, sent on behalf of AI Chemical and Mr. Blavatnik, that Mr. Blavatnik, through AI Chemical, was seeking to acquire and would acquire shares of Lyondell common stock in an acquisition that might be subject to the Hart-Scott-Rodino Act. The notification stated that AI Chemical would acquire at least $567 million of Lyondell common stock and might, depending on market conditions and other circumstances, acquire over 50% of the outstanding Lyondell stock.

3. Lyondell Summarily Rejects the Only Other Interested Party

67. On May 14, 2007, a representative of Apollo Management, L.P. called Defendant Smith to express its interest in a possible "going private" transaction. In stating that management was not interested in any discussions for a management-led going private transaction, Defendant Smith summarily rejected this expression of interest.

4. Basell Refocuses on Lyondell After It Fails To Acquire Huntsman

68. On June 26, 2007, Basell and Huntsman Corporation announced that they had entered into a definitive agreement pursuant to which Basell would acquire Huntsman in a transaction valued at approximately $9.6 billion, including the assumption of debt. Under the agreement, holders of Huntsman common stock would receive $25.25 per share in cash. Huntsman's business is similar to Lyondell.

69. On July 4, 2007, Huntsman announced that it had received a proposal to acquire all of the outstanding common stock of Huntsman for $27.25 per share in cash

from Hexion Specialty Chemicals, Inc., an entity owned by an affiliate of Apollo. Soon after, it was clear that Basell would not be able to acquire Huntsman.

70. On July 9, 2007, Mr. Blavatnik indicated to Defendant Smith that he might be interested in purchasing all of the outstanding common public shares of Lyondell in an all-cash transaction. Mr. Blavatnik initially suggested a price of $40.00 per share. Later in the conversation, after discussion, Mr. Blavatnik suggested that he could pay $44.00-$45.00 per share. Defendant Smith responded that he did not think that such a price would be sufficient to cause the Lyondell Board to be interested in exploring the proposal, and suggested that if Mr. Blavatnik was serious, he needed to make his best offer.

71. Later that same day, Mr. Blavatnik indicated to Defendant Smith that Mr. Blavatnik could pay $48.00 per share if Lyondell could sign an agreement by Monday, July 16, and agree to a $400 million break up fee. Defendant Smith responded that he would report that information to the Lyondell Board.

72. At a special meeting of the Board held on July 10, 2007, Defendant Smith reviewed with the Board his discussion with Mr. Blavatnik. Following the Board meeting, Mr. DeNicola and Ms. Galvin held telephone conferences with the three directors who had not been present at the meeting to brief them regarding Mr. Blavatnik's indication of interest. In addition, Defendant Smith called Mr. Blavatnik and requested further information regarding his indication of interest, including the absence of any financing contingency. In the conversation, Mr. Blavatnik stated that he would like to have an indication of Lyondell's interest in moving forward in discussions prior to the

end of the day on July 11, 2007, as that was the deadline for Basell to respond to Huntsman if it wanted to propose a higher price in that transaction.

73. On July 11, 2007, Lyondell engaged Deutsche Bank Securities Inc. ("Deutsche Bank") as Lyondell's exclusive financial advisor in connection with the exploration of strategic alternatives, including the potential transaction with Access and Basell. A written engagement letter with Deutsche Bank was signed on July 14, 2007. Deutsche Bank is set to receive $35 million in fees as a result of this transaction for a mere six days (or less) of work. Notably, Deutsche Bank was not authorized to solicit nor did it solicit other bidders for Lyondell.

5. Defendant Smith Acknowledges Lyondell's Hasty Sale and Flawed Process

74. On July 15, 2007, Defendant Smith showed concern that the proposed transaction had moved very quickly and that the Lyondell Board wanted to assure itself, if Lyondell was to be sold, that the Board had obtained the best deal available. Defendant Smith raised four issues with Mr. Blavatnik: increasing the proposed price; adding a "go-shop" provision to the Merger Agreement that would allow Lyondell to actively solicit other offers for 45 days after signing a Merger Agreement; providing for a 1% break up fee during that 45 day period; and reducing the break up fee after the end of the "go-shop" period to less than the $400 million that Mr. Blavatnik had proposed.

75. The same day, Mr. Blavatnik responded that he had already provided his best and final proposal on price, that he would not agree to a go-shop and that it was essential to him that the transaction be agreed upon very quickly. Counsel for Basell later communicated to counsel for Lyondell that Mr. Blavatnik would agree to a break up fee

of $385 million. Counsel for Basell also reiterated Basell's unwillingness to include a "go-shop" provision in the merger agreement.

6. Lyondell Agrees to Sell Itself One Week After Negotiations Began

76. On July 16, 2007, Lyondell received the letter from Basell, proposing to acquire all of the public common stock of Lyondell for a cash purchase price of $48.00 per share on the terms reflected in the proposed merger agreement.

77. At a special meeting of the Lyondell Board, held on the same day, the Board was provided with a copy of the Basell offer letter, the proposed merger agreement, a draft of the commitment letter for Basell's financing and related materials. After an executive session, the Board approved the Merger Agreement and voted to recommend to Lyondell's shareholders that they adopt the Merger Agreement. One director was not present at the time of the vote but participated in a portion of the meeting by telephone and confirmed in writing that he approved the Merger Agreement and associated recommendations to Lyondell's shareholders.

78. On July 17, 2007, prior to the opening of trading on the New York Stock Exchange, Lyondell and Basell issued a joint press release announcing the Buyout.

C. DEFENDANTS' PROXY CONTAINS MATERIAL OMISSIONS

79. On August 14, 2007, the Company publicly filed a Preliminary Proxy Statement with the SEC in connection with the transaction. As alleged below, the Preliminary Proxy Statement omits material information.

80. The Preliminary Proxy Statement omits material information relating to the Company's available strategic alternatives, including the Board's decision to abandon or relegate other strategic alternatives in favor of the leveraged buyout. The Preliminary

Proxy Statement fails to include any discussion of the various strategic alternatives, other than the Buyout, or the relative merits of the various strategic alternatives available to the Company.

81. The Preliminary Proxy Statement fails to show the consideration, if any, of a sale of any of Lyondell's numerous businesses, including: Equistar, Houston Refining, and Millennium.

82. The Preliminary Proxy Statement fails to show the value of all or one of the Company's businesses;

83. The Preliminary Proxy Statement fails to show Basell's future plans for the Lyondell entities, i.e., whether it will operate all or some of the brands, and/or spin-off all or some of the brands. This information is material to stockholders evaluating the Company's available strategic alternatives and also to the value of the Company on the date of the closing.

84. The Preliminary Proxy Statement fails to explain what terms were proposed by Apollo, if any, or if any proposed terms were more or less favorable than the terms of the Buyout;

85. The Preliminary Proxy Statement fails to show Deutsche Bank's sum-of-the-parts analysis or if one was even prepared;

86. The Preliminary Proxy Statement fails to disclose Deutsche Bank's methodology for selecting comparable companies;

87. The Preliminary Proxy Statement fails to show what consideration, if any, the Board gave to Deutsche Bank's Selected Companies Valuation which valued

Lyondell as high as $51.25 per share for the Street Case and $58.50 per share based on management's projections; and

88. The Preliminary Proxy Statement fails to explain what consideration, if any, the Board gave to Deutsche Bank's analysis of its Inorganic Chemicals business, and whether eliminating those capital expenditures would provide shareholders with more value.

89. Moreover, neither the Preliminary Proxy Statement nor Deutsche Bank's opinion defines or otherwise articulates the standard applied by the advisors to determine "fair from a financial point of view," such as whether the advisor applied a "fair value," "fair market value" or other standard.

THE INDIVIDUAL DEFENDANTS STAND TO REAP A WINDFALL FROM THE BUYOUT

90. Not only did the Individual Defendants ignore the shareholders' interests and agree to an unfair transaction, but they will reap a significant windfall by the immediate vesting of their options and restricted stock.

91. The Merger Agreement provides that all options and restricted shares granted to officers, directors and employees will become fully exercisable (if not then fully exercisable), and such options shall immediately thereafter be cancelled and shall automatically cease to exist, and each holder of Company Stock Options shall cease to have any rights with respect to such Company Stock Option except the right to receive the following consideration upon delivery of an option surrender agreement: for each share of Company Common Stock subject to such Company Stock Option, an amount in cash (without interest) equal to the excess, if any, of (i) the Merger Consideration payable in respect of a share of Company Common Stock over (ii) the per share exercise price of

such Company Stock Option (such amount in cash as described above being hereinafter referred to as the "Option Consideration"). Parent and Merger Sub acknowledge and agree that the actions described in the preceding sentence shall occur at the Effective Time without any action on the part of Merger Sub, Parent or any of their respective stockholders.

92. In addition to maintaining their management positions with the Company, although no agreements have been disclosed, certain members of management may be offered the opportunity to participate as equity investors in the deal.

93. The Individual Defendants' self-interest is apparent through the immediate payment of hundreds of thousands and even millions of dollars they would not have received if they had continued to operate the Company or sold the Company in pieces. Unfortunately, the Individual Defendants good fortunes are not passed to Lyondell's public shareholders, who had financed the growth that ultimately lead to the Individual Defendants' pay day.

Director	**Cash Payout as a Result of the Merger**
Dan F. Smith	$83,814,136
Carol A. Anderson	$2,505,096
Susan K. Carter	$232,537
Stephen I. Chazen	$1,088,888
Travis Engen	$3,738,689
Paul S. Halata	$355,584
Danny W. Huff	$1,000,936
David J. Lesar	$2,455,446
David J.P. Meachin	$527,712
Daniel J. Murphy	$355,584
Dr. William R. Spivey	$2,362,542
Total	**$98,437,150**

94. The table above shows the tremendous windfall for the officers and directors in connection with the merger. Specifically, 7 of 11 directors will receive over $1 million and Defendant Smith will receive almost $84 million.

DEFENDANTS AGREED TO UNREASONABLE DEAL PROTECTIONS

95. Lyondell's Board failed to act reasonably in conducting the sale of the Company and in agreeing to deal protections under the circumstances.

96. The Individual Defendants agreed to the deal protection measures prior to undertaking a full and fair review of all strategic alternatives, including a thorough canvas of the market.

97. The Merger Agreement provides that a termination fee of $385 million must be paid to Basell by Lyondell if the Merger Agreement is terminated for a superior alternative if, *inter alia*, the Board withholds, fails to make or modifies its recommendation that the shareholders vote for approval and adoption of the Merger Agreement. Moreover, the amount of the termination fee will discourage other bidders from emerging because the termination fee payable to Basell unduly penalizes Lyondell and thus the Individual Defendants' ability to deem superior an offer for the Company. This damage is exacerbated by the hasty rush to enter into the Merger Agreement.

98. Furthermore, Basell is allowed to terminate the Merger Agreement *sua sponte* in the event that: "there is an election of the Board of Directors of the Company (at one or more stockholders meetings) resulting in a majority of the Board of Directors of the Company being comprised of persons who were not nominated by the Board of Directors of the Company in office immediately prior to such election."

99. In essence, the stockholders are required to pay $385 million or continue to elect directors who have breached their fiduciary duties to shareholders by selling the Company at an unfair price.

100. Moreover, the terms of the Merger Agreement restrain the Company's ability to solicit or engage in negotiations with any third party regarding a proposal to acquire all or a significant interest in the Company. The circumstances under which Lyondell's Board may respond to an unsolicited, written, *bona fide* proposal for an alternative acquisition that constitutes or would reasonably be expected to constitute a superior proposal are too narrowly circumscribed to provide an effective fiduciary out under the circumstances of the case, including the fact that the so-called fiduciary out provisions of the Merger Agreement would impose a financial penalty on Lyondell if the Board were to decide that the exercise of its fiduciary duties required the Board to refrain from recommending the Buyout to Lyondell's shareholders.

101. The Individual Defendants agreed to a "No Solicitation" provision that, in light of the lack of a sales process, is shockingly restrictive and prohibits the Individual Defendants from exercising their fiduciary duties. Specifically:

> The Company shall not, nor shall it authorize or permit any of its Subsidiaries or any of their respective Representatives to, directly or indirectly, (i) solicit, initiate or knowingly encourage, or take any other action to knowingly facilitate, the making of any proposal that constitutes or is reasonably likely to lead to a Takeover Proposal or (ii) enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any Person any confidential information with respect to, any Takeover Proposal. The Company shall, and shall cause its Subsidiaries and direct its Representatives to, immediately cease and cause to be terminated all then existing discussions and negotiations with any Person conducted theretofore with respect to any Takeover Proposal, and shall request the prompt return or destruction of all confidential information previously furnished in connection therewith.

102. This provision is too narrowly drawn to allow the Individual Defendants to exercise their fiduciary duties of care and loyalty.

103. Notably, if the Individual Defendants did exercise their fiduciary duties and recommend a better deal, they are prohibited from recommending a superior proposal for at least three days.

> Board of Directors of the Company or any committee thereof may only make an Adverse Recommendation change pursuant to Section 4.2(b)(i)(B) or cause the Company to terminate this Agreement pursuant to Section 7.1(d) if the Board of Directors of the Company or any committee thereof first determines in good faith after consultation with its financial advisors and outside counsel that such Takeover Proposal constitutes a Superior Proposal; and further provided that the Board of Directors of the Company or any committee thereof shall not make an **Adverse Recommendation Change until after the third Business Day following Parent's receipt of written notice (a "Notice of Adverse Recommendation Change") from the Company advising Parent that the Board of Directors of the Company intends to take such action** and specifying the reasons therefor, including the material terms and conditions of any Superior Proposal that is the basis of the proposed action by such Board of Directors of the Company or any committee thereof...

DEFENDANTS' FIDUCIARY DUTIES

104. By virtue of their positions as directors and/or officers of the Company, the Individual Defendants owed and continue to owe Plaintiff and the Company's other public shareholders fiduciary obligations of due care, loyalty, and full and fair disclosure and were and are required to:

a. act in furtherance of the best interests of Plaintiff and the class as shareholders of Lyondell;

b. maximize value on a sale of the Company;

c. refrain from abusing their positions of control;

d. undertake an appropriate evaluation of Lyondell's worth as a merger/acquisition candidate;

e. take all appropriate steps to enhance Lyondell's value and attractiveness as a merger/acquisition candidate;

f. take all appropriate steps to effectively expose Lyondell to the marketplace in an effort to create an active auction for Lyondell, including but not limited to engaging in serious negotiations with any bona fide potential bidder;

g. act independently so that the interests of Lyondell's public stockholders will be protected;

h. adequately ensure that no conflicts of interest exist between Defendants' own interests and their fiduciary obligations to maximize stockholder value or, if such conflicts exist, to ensure that all conflicts be resolved in the best interests of Lyondell's public stockholders;

i. disclose to the Company's stockholders all relevant information regarding the acquisition by any potential acquirer and the Individual Defendants' efforts, if any, to shop the Company and to negotiate with all legitimate potential bidders; and

j. disseminate a non-misleading proxy that discloses all relevant information.

105. The members of the Board owed and continue to owe the public shareholders fiduciary duties to extract the best price available for Lyondell's shares. The Buyout Group is interested in obtaining Lyondell for the lowest amount of consideration possible.

106. Unless the Court enjoins the Buyout, the Individual Defendants will engage in further breaches of their fiduciary duties to the Company's shareholders as

evidenced by the Board's willingness to accept the Buyout Group's terms without adequate arms-length negotiation and to consummate the transaction on terms beneficial to Basell rather than public shareholders of the Lyondell. These actions will result in irreparable harm to the members of the Class.

107. The Buyout Group has and will continue to aid and abet the Individual Defendants' breaches of their fiduciary duties. Indeed, the Buyout cannot take place without the active participation of Basell and its members' management. Furthermore, Basell will be the beneficiary of the wrongs complained of and will be unjustly enriched to the detriment of Lyondell's shareholders. Basell is aware that the Individual Defendants are fiduciaries and have apparently actively and knowingly participated in the Buyout in order to obtain the substantial financial benefits at the expense of the stockholders.

CAUSES OF ACTION

COUNT I

Breach of Fiduciary Duties of Care and Loyalty

108. Plaintiff repeats and re-alleges each allegation set forth herein.

109. The Individual Defendants have violated the fiduciary duties of care, loyalty, and candor owed to the public shareholders of Lyondell and have acted to put their personal interests ahead of the interests of the Lyondell shareholders.

110. Plaintiff and the Class will suffer irreparable injury as a result of the Individual Defendants' actions.

111. Unless enjoined by this Court, the Individual Defendants will continue to breach their fiduciary duties owed to Plaintiff and the Class, and may consummate the

Merger, which will exclude Plaintiff and the Class from their fair share of Lyondell's valuable assets and businesses, and/or benefit the Individual Defendants in the unfair manner complained of here, all to the irreparable harm of Plaintiff and the Class, as aforesaid.

112. Plaintiff and the members of the Class have no adequate remedy at law. Only through the exercise of this Court's equitable powers can Plaintiff and the Class be fully protected from the immediate and irreparable injury which Defendants' actions threaten to inflict.

COUNT II

Breach of Fiduciary Duty of Disclosure

113. Plaintiff repeats and re-alleges each allegation set forth herein.

114. Defendants have disseminated the Preliminary Proxy Statement requesting stockholders approval of the Merger Agreement. The Preliminary Proxy Statement omits material information, as alleged in paragraphs 80 - 89 above.

115. Because of the defendants' failure to provide full and fair disclosures, plaintiff and the Class will be stripped of their ability to make an informed decision on whether to vote in favor of the Buyout or seek appraisal, and thus damaged thereby.

116. Plaintiff lacks an adequate remedy at law.

COUNT III

Aiding and Abetting Breaches of Fiduciary Duties

117. Plaintiff repeats and re-alleges each of the foregoing allegations.

118. The Buyout Group has aided and abetted the Individual Defendants in their breaches of fiduciary duty. As participants in the Merger Agreement, the Buyout

Group was aware of the Individual Defendants' breaches of fiduciary duties, and in fact actively and knowingly encouraged and participated in said breaches in order to obtain the substantial financial benefits that the Merger Agreement would provide its members at the expense of Lyondell's shareholders.

119. Plaintiff has no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands preliminary and permanent injunctive relief in his favor and in favor of the Class and against the Defendants as follows:

A. declaring this action is properly maintainable as a class action;

B. enjoining the stockholders vote and closing of the transaction pending a proper independent process to maximize value and full disclosure of all material information to stockholders;

C. enjoining Defendants, temporarily and permanently, from taking any steps necessary to accomplish or implement the Buyout of Defendant Lyondell with the Buyout Group at a price that is not fair and equitable under the terms presently proposed by the Buyout Group

D. declaring and decreeing that the Buyout and/or the deal protections are in breach of the fiduciary duties of the defendants and, therefore, any agreement arising therefrom is unlawful and unenforceable;

E. directing the Lyondell Directors to exercise their fiduciary duties to obtain a transaction that maximizes value or adequately informs shareholders;

F. rescinding, to the extent already implemented, the Buyout or any of the terms thereof;

G. rescinding, to the extent already implemented, the deal protections or any of the terms thereof;

H. directing that Defendants account to Plaintiff and the Class for all damages caused to them and account for all profits and any special benefits obtained by Defendants as a result of their unlawful conduct

I. imposition of a constructive trust, in favor of plaintiff, upon any benefits improperly received by defendants as a result of their wrongful conduct;

J. awarding Plaintiff and the Class pre- and post-judgment interest at the statutory rate;

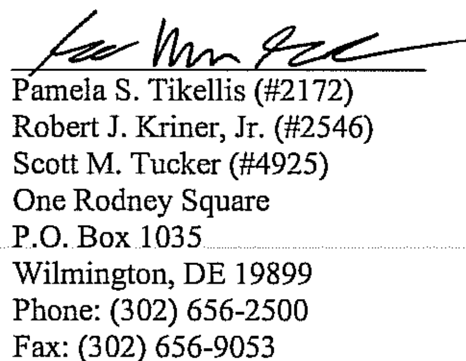
K. enjoining, temporarily and permanently, any material transactions or changes to Lyondell's business and assets unless and until a proper process is conducted to evaluate Lyondell's strategic alternatives

L. awarding plaintiff the costs and disbursements of this action, including reasonable attorneys' and experts' fees;

M. granting such other and further equitable relief this Court may deem just and proper.

Date: August 20, 2007

CHIMICLES & TIKELLIS, LLP



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