

SEARS HOLDINGS CORP  
 Form 4  
 July 07, 2015

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2015  
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**BERKOWITZ BRUCE R**

(Last) (First) (Middle)

C/O FAIRHOLME CAPITAL  
 MANAGEMENT, L.L.C., 4400  
 BISCAYNE BOULEVARD, 9TH  
 FLOOR

(Street)

MIAMI, FL 33137

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**SEARS HOLDINGS CORP [SHLD]**

3. Date of Earliest Transaction  
 (Month/Day/Year)  
 07/02/2015

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_\_ Director  10% Owner  
 \_\_\_\_ Officer (give title below) \_\_\_\_ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 \_\_\_\_ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Code V Amount (D) Price		

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474  
 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

Edgar Filing: SEARS HOLDINGS CORP - Form 4

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Deemed Securities (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Warrants to Purchase Common Stock, par value \$0.01	\$ 28.41	07/02/2015		P <sup>(1)</sup>	700	11/18/2014	12/15/2019	Common Stock, par value \$0.01	700
Warrants to Purchase Common Stock, par value \$0.01	\$ 28.41	07/06/2015		P <sup>(1)</sup>	185	11/18/2014	12/15/2019	Common Stock, par value \$0.01	185
Warrants to Purchase Common Stock, par value \$0.01	\$ 28.41	07/07/2015		P <sup>(1)</sup>	115	11/18/2014	12/15/2019	Common Stock, par value \$0.01	115
Warrants to Purchase Common Stock, par value \$0.01	\$ 28.41					11/18/2014	12/15/2019	Common Stock, par value \$0.01	0

## Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

X

BERKOWITZ BRUCE R  
C/O FAIRHOLME CAPITAL MANAGEMENT, L.L.C.  
4400 BISCAYNE BOULEVARD, 9TH FLOOR  
MIAMI, FL 33137

## Signatures

Bruce R. Berkowitz, By: /s/ Paul Thomson,  
Attorney-in-fact

07/07/2015

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The securities are held in a private fund managed indirectly by Mr. Bruce R. Berkowitz (the "Reporting Person"). The Reporting Person disclaims beneficial ownership in the private fund except to the extent of his pecuniary interest, if any, therein  

The securities may be deemed to be beneficially owned by the Reporting Person because he controls the sole member of a registered investment adviser, which may be deemed to have beneficial ownership of the securities because it serves as the investment manager to a registered investment company and certain private funds and managed accounts. The Reporting Person disclaims beneficial ownership in the securities reported on this Form 4 except to the extent of his pecuniary interest, if any, therein, and this report shall not be deemed to be an admission that the Reporting Person is the beneficial owner of such securities for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, or for any other purpose.
- (2)

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. TD VALIGN="bottom">

Total

\$7,029 \$410 \$5,694 \$330

Signatures



**Table of Contents****LYONDELLBASELL INDUSTRIES N.V.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

All derivatives and available-for-sale debt securities in the tables above are classified as Level 2. Our limited partnership investments included in our equity securities discussed below, are measured at fair value using the net asset value ( NAV ) per share (or its equivalent) practical expedient and have not been classified in the fair value hierarchy.

At March 31, 2018, our outstanding foreign currency and commodity contracts not designated as hedges mature from April 2018 to June 2018 and from April 2018 to January 2019, respectively.

*Financial Instruments Not Measured at Fair Value on a Recurring Basis* 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 March 31, 2018 and December 31, 2017. 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 fair values of short-term and long-term debt exclude capital leases and commercial paper.

Millions of dollars	March 31, 2018		December 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Non-derivatives:				
Assets:				
Short-term loans receivable	\$ 586	\$ 586	\$ 570	\$ 570
Liabilities:				
Short-term debt	\$ 73	\$ 71	\$ 64	\$ 75
Long-term debt	8,510	9,158	8,526	9,442
Total	\$8,583	\$9,229	\$ 8,590	\$ 9,517

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 three months ended March 31, 2018 and the year ended December 31, 2017.

*Net Investment Hedges* In March 2018, we entered into 400 million of foreign currency contracts that were designated as net investment hedges. These foreign currency contracts expire June 15, 2018. In 2017, we entered into 617 million of foreign currency contracts that were designated as net investment hedges.

In 2016, we also issued euro denominated notes payable due 2022 with notional amounts totaling 750 million that were designated as a net investment hedge.

At March 31, 2018 and December 31, 2017, we had outstanding foreign currency contracts with an aggregate notional value of 1,142 million (\$1,287 million) and 742 million (\$789 million), respectively, designated as net investment hedges. In addition, at March 31, 2018 and December 31, 2017 we had outstanding foreign-currency denominated debt, with notional amounts totaling 750 million (\$925 million) and 750 million (\$899 million), respectively, designated as a net investment hedge.

There was no ineffectiveness recorded during the three months ended March 31, 2017 related to these hedging relationships.

**Table of Contents****LYONDELLBASELL INDUSTRIES N.V.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Cash Flow Hedges* The following table summarizes our cash flow hedges outstanding at March 31, 2018 and December 31, 2017:

Millions of dollars	March 31, 2018	December 31, 2017	Expiration Date
	Notional Value	Notional Value	
Foreign currency	\$ 2,300	\$ 2,300	2021 to 2027
Interest rates	1,000	1,000	2019
Commodities	74	102	2018 to 2019

There was no ineffectiveness recorded during the three months ended March 31, 2017 related to these hedging relationships.

As of March 31, 2018, less than \$1 million (on a pretax basis) is scheduled to be reclassified as a decrease to interest expense and \$7 million (on a pretax basis) is scheduled to be reclassified as an increase to cost of sales over the next twelve months.

*Fair Value Hedges* In February 2017, we entered into U.S. dollar fixed-for-floating interest rate swaps to mitigate changes in the fair value of our \$1,000 million 3.5% guaranteed notes due 2027 associated with the risk of variability in the 3 Month USD LIBOR rate (the benchmark interest rate). The fixed-rate and variable-rate are settled semi-annually and quarterly, respectively.

In March 2017, concurrent with the redemption of \$1,000 million of our outstanding 5% senior notes due 2019, we dedesignated the related \$2,000 million fair value hedge and terminated swaps in the notional amount of \$1,000 million. At the same time, we redesignated the remaining \$1,000 million notional amount of swaps as a fair value hedge of the remaining \$1,000 million of 5% senior notes outstanding.

We had outstanding interest rate contracts with aggregate notional amounts of \$3,000 million at March 31, 2018 and December 31, 2017, respectively, designated as fair value hedges. Our interest rate contracts outstanding at March 31, 2018 mature from 2019 to 2027.

There was no ineffectiveness recorded for the three months ended March 31, 2017 related to these hedging relationships.

Table of Contents

## LYONDELLBASELL INDUSTRIES N.V.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

*Impact on Earnings and Other Comprehensive Income* The following table summarizes the pre-tax effect of derivative instruments and non-derivative instruments on Other comprehensive income and earnings for the three months ended March 31:

Millions of dollars	Gain (Loss) Recognized in AOCI		Effect of Financial Instruments Gain (Loss) Reclassified from AOCI to Income		Gain (Loss) Recognized in Income		Income Statement Classification
	2018	2017	2018	2017	2018	2017	
Derivatives designated as net investment hedges:							
Foreign currency	\$ (17)	\$ (22)	\$	\$	\$ 5	\$	Interest expense
Derivatives designated as cash flow hedges:							
Commodities	(3)	(2)	4				Cost of sales
Foreign currency	(108)	(7)	62	25	8	12	Other income, net; Interest expense
Interest rates	49	7					Interest expense
Derivatives designated as fair value hedges:							
Interest rates					(44)	(1)	Interest expense
Derivatives not designated as hedges:							
Commodities					1	(1)	Sales and other operating revenues
Commodities					(4)	(11)	Cost of sales
Foreign currency					(19)	(1)	Other income, net
Non-derivatives designated as net investment hedges:							
Long-term debt	(25)	(10)					Other income, net
Total	\$ (104)	\$ (34)	\$ 66	\$ 25	\$ (53)	\$ (2)	

The derivative amounts excluded from effectiveness testing for foreign currency contracts designated as net investment hedges recognized in other comprehensive income and interest expense for the three months ended March 31, 2018 were \$4 million and \$5 million, respectively.

For the three months ended March 31, 2018, a \$62 million gain for our foreign currency contracts designated as cash flow hedges was reclassified from AOCI to Other income, net.



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 an additional gain recognized in Interest expense of \$3 million and \$7 million during the three months ended March 31, 2018 and 2017, respectively.

Table of Contents

## LYONDELLBASELL INDUSTRIES N.V.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

*Investments in Available-for-Sale Debt Securities* The following table summarizes the amortized cost, gross unrealized gains and losses, and fair value of our available-for-sale debt securities that are outstanding as of March 31, 2018 and December 31, 2017:

Millions of dollars	Cost	March 31, 2018		Fair Value
		Gross Unrealized Gains	Gross Unrealized Losses	
Available-for-sale debt securities:				
Commercial paper	\$ 50	\$	\$	\$ 50
Bonds	646	1	(1)	646
Total available-for-sale debt securities	\$ 696	\$ 1	\$ (1)	\$ 696

Millions of dollars	Cost	December 31, 2017		Fair Value
		Gross Unrealized Gains	Gross Unrealized Losses	
Available-for-sale securities:				
Commercial paper	\$ 180	\$	\$	\$ 180
Bonds	630			630
Certificates of deposit	150			150
Limited partnership investments	350	2	(5)	347
Total available-for-sale securities	\$ 1,310	\$ 2	\$ (5)	\$ 1,307

No losses related to other-than-temporary impairments of our available-for-sale debt securities have been recorded in Accumulated other comprehensive loss during the three months ended March 31, 2018 and the year ended December 31, 2017.

As of March 31, 2018, our available-for-sale debt securities had the following maturities: commercial paper securities had maturities of three months and bonds had maturities between three and thirty-one months.

The proceeds from maturities and sales of our available-for-sale debt securities during the three months ended March 31, 2018 and 2017 are summarized in the following table:

<b>Millions of dollars</b>	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
Proceeds from maturities of securities	\$ 335	\$ 338
Proceeds from sales of securities		

No gain or loss was realized in connection with the sales of our available-for-sale debt securities during the three months ended March 31, 2018 and 2017.

During the three months ended March 31, 2017, we had maturities of our held-to-maturity securities of \$44 million.

Table of Contents

## LYONDELLBASELL INDUSTRIES N.V.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 March 31, 2018 and December 31, 2017:

Millions of dollars	March 31, 2018			
	Less than 12 months		Greater than 12 months	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Available-for-sale debt securities:				
Bonds	\$ 247	\$ (1)	\$ 25	\$

Millions of dollars	December 31, 2017			
	Less than 12 months		Greater than 12 months	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Available-for-sale securities:				
Limited partnership investments	\$ 117	\$ (5)	\$	\$

*Investments in Equity Securities* Our equity securities primarily consist of our limited partnership investments, which include investments in, among other things, equities and equity related securities, debt securities, credit instruments, global interest rate products, currencies, commodities, futures, options, warrants and swaps. These investments may be redeemed at least monthly with advance notice ranging up to ninety days.

The following table summarizes the portion of unrealized gains and losses for the equity securities that are outstanding as of March 31, 2018:

Millions of dollars	
Net losses recognized during the period	\$ (1)
Less: Net gains (losses) recognized during the period on securities sold	
Unrealized losses recognized during the period	\$ (1)

Table of Contents

## LYONDELLBASELL INDUSTRIES N.V.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**8. Pension and Other Postretirement Benefits**

Net periodic pension benefits included the following cost components for the periods presented:

Millions of dollars	Three Months Ended March 31,			
	2018		2017	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Service cost	\$ 13	\$ 9	\$ 12	\$ 9
Interest cost	15	8	15	5
Expected return on plan assets	(30)	(6)	(30)	(4)
Actuarial and investment loss amortization	5	3	5	4
Net periodic benefit costs	\$ 3	\$ 14	\$ 2	\$ 14

Net periodic other postretirement benefits included the following cost components for the periods presented:

Millions of dollars	Three Months Ended March 31,			
	2018		2017	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Service cost	\$ 1	\$ 1	\$ 1	\$ 1
Interest cost	2		2	
Actuarial loss amortization				1
Net periodic benefit costs	\$ 3	\$ 1	\$ 3	\$ 2

The components of net periodic benefit cost other than the service cost component are included in Other income, net in the Consolidated Statements of Income.

**9. Income Taxes**

Our effective income tax rate for the three months ended March 31, 2018 was 19.8% compared with 28.1% for the three months ended March 31, 2017. 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, the amount of exempt income, and changes in unrecognized tax benefits associated with uncertain tax positions.

Compared with the three months ended March 31, 2017, the lower effective tax rate for the three months ended March 31, 2018 was primarily attributable to the impact of the reduction to the U.S. federal statutory tax rate as a

result of the U.S.-enacted H.R.1, also known as the Tax Act and increases in exempt income, partially offset by the repeal of the U.S. domestic production activity deduction.

We monitor income tax developments in countries where we conduct business. On December 22, 2017, the Tax Act was enacted with some provisions effective as early as 2017 while others were delayed until 2018. This change in U.S. tax law included a reduction in the federal corporate tax rate from 35% to 21% for years beginning after 2017, which resulted in the remeasurement of our U.S. net deferred income tax liabilities. Our 2017 income tax provision included a provisional estimate of \$819 million income tax benefit related to the remeasurement of our U.S. net deferred income tax liabilities. The impact of the Tax Act may differ from this reasonable estimate due to additional guidance that may be issued, changes in assumptions made, and the finalization of certain U.S. income tax positions

---

**Table of Contents****LYONDELLBASELL INDUSTRIES N.V.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

with the filing of our 2017 U.S. income tax return which will allow for the ability to conclude whether any further adjustments are necessary to our deferred tax assets and liabilities. Any adjustments to these provisional amounts will be reported as a component of income tax expense in the reporting period in which any such adjustments are identified which will be no later than the fourth quarter of 2018. We will continue to analyze the Tax Act to determine the full effects of the new law.

In September 2016, the United Kingdom enacted provisions (the so called anti-hybrid provisions), effective for years beginning January 1, 2017, that resulted in changes to our internal financing structure which did not materially impact our Consolidated Financial Statements. In addition, in October 2016 the U.S. Treasury issued final Section 385 debt-equity regulations that may impact our internal financings in future years. Pursuant to a recent Executive Order, the Treasury Department reviewed these regulations and determined to delay but retain these regulations, subject to further review after enactment of U.S. tax reform. There has been an increase in attention, both in the U.S. and globally, to the tax practices of multinational companies, including the European Union's state aid investigations and proposals by the Organization for Economic Cooperation and Development with respect to base erosion and profit shifting. Such attention may result in additional legislative changes that could adversely affect our tax rate. Other than the recently enacted Tax Act, management does not believe that recent changes in income tax laws will have a material impact on our Consolidated Financial Statements, although new or proposed changes to tax laws could affect our tax liabilities in the future.

**10. Commitments and Contingencies**

*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 \$102 million as of March 31, 2018 and December 31, 2017. At March 31, 2018, the accrued liabilities for individual sites range from less than \$1 million to \$19 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.

The following table summarizes the activity in our accrued environmental liability included in *Accrued liabilities* and *Other liabilities*:

<b>Millions of dollars</b>	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 102	\$ 95
Amounts paid	(2)	(2)
Foreign exchange effects	2	1
Ending balance	\$ 102	\$ 94



---

Table of Contents

**LYONDELLBASELL INDUSTRIES N.V.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Access Indemnity Demand* In December 2010, one of our subsidiaries received demand letters from affiliates of Access Industries (collectively, Access Entities), a more than five percent shareholder of the Company, demanding indemnity for losses, including attorney's fees and expenses, arising out of a 2007 management agreement and a pending lawsuit styled *Edward S. Weisfelner, as Litigation Trustee of the LB Litigation Trust v. Leonard Blavatnik, et al.*, Adversary Proceeding No. 09-1375 (REG), in the United States Bankruptcy Court, Southern District of New York. In the *Weisfelner* lawsuit, the plaintiffs sought recovery from Access all amounts earned by the Access Entities related to their purchase of shares of Lyondell Chemical Company (Lyondell Chemical) prior to its acquisition by Basell AF S.C.A.; distributions by Basell AF S.C.A. to its shareholders before it acquired Lyondell Chemical; and management and transaction fees and expenses.

The Access Entities also demanded \$100 million in management fees under the management agreement between an Access affiliate and the predecessor of LyondellBasell AF, as well as other unspecified amounts relating to advice purportedly given in connection with financing and other strategic transactions.

In June 2009, an Access affiliate filed a proof of claim in Bankruptcy Court against LyondellBasell AF seeking no less than \$723,963.65 for the amounts allegedly owed under the 2007 management agreement.

We do not believe that the 2007 management agreement is in effect or that the Company or any Company-affiliated entity owes any obligations under the management agreement, including for management fees or for indemnification. We have defended our position in proceedings and against any claims or demands that have been asserted. In April 2011, Lyondell Chemical filed an objection to the claim and brought a declaratory judgment action for a determination that the demands are not valid and the declaratory judgment action was stayed per the parties' agreement pending the outcome of the *Weisfelner* lawsuit.

The *Weisfelner* lawsuit went to trial in October 2016. In April 2017, the trial court awarded \$12.6 million to the plaintiffs and denied all other relief, and in May 2017 the court issued its Final Judgment reflecting this ruling. The plaintiffs filed an appeal to the Federal District Court for the Southern District of New York, which largely affirmed the Final Judgment on January 24, 2018.

In April 2018, the Company and the Access Entities agreed to settle all claims, including under the 2009 Proof of Claim and 2007 Management Agreement, described in the April 2011 declaratory judgment action and the Access Entities' December 2010 demand letters. No payments were required by either side under the settlement agreement; the declaratory judgment action will be dismissed and the Proof of Claim will be withdrawn.

*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 March 31, 2018, 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 five to ten years.

Table of Contents

## LYONDELLBASELL INDUSTRIES N.V.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**11. Stockholders Equity**

*Dividend Distributions* On March 12, 2018, we paid a cash dividend of \$1.00 per share for an aggregate of \$395 million to shareholders of record on March 5, 2018.

*Share Repurchase Programs* In May 2017, our shareholders approved a proposal to authorize us to repurchase up to an additional 10% of our outstanding ordinary shares through November 2018 ( May 2017 Share Repurchase Program ). As a result, the authorization of the remaining unpurchased shares under the share repurchase program approved by our shareholders in May 2016 ( May 2016 Share Repurchase Program ) was superseded. These repurchases, which are determined at the discretion of our Management Board, 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.

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

Millions of dollars, except shares and per share amounts	Three Months Ended March 31, 2018		
	Shares Repurchased	Average Purchase Price, Including	Total Purchase Commissions
May 2017 Share Repurchase Program	1,292,480	\$ 107.17	\$ 138

Millions of dollars, except shares and per share amounts	Three Months Ended March 31, 2017		
	Shares Repurchased	Average Purchase Price, Including	Total Purchase Commissions
May 2016 Share Repurchase Program	1,533,713	\$ 90.64	\$ 139

Due to the timing of settlements, total cash paid for share repurchases for the three months ended March 31, 2018 and 2017 was \$119 million and \$160 million, respectively.

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

	Three Months Ended March 31,	
	2018	2017
Ordinary shares outstanding:		
Beginning balance	394,512,054	404,046,331
Share-based compensation	235,671	237,758

Edgar Filing: SEARS HOLDINGS CORP - Form 4

Warrants exercised		4,099
Employee stock purchase plan	27,179	26,909
Purchase of ordinary shares	(1,292,480)	(1,533,713)
Ending balance	393,482,424	402,781,384

Table of Contents

## 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:

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Ordinary shares held as treasury shares:		
Beginning balance	183,928,109	174,389,139
Share-based compensation	(235,671)	(237,758)
Warrants exercised		509
Employee stock purchase plan	(27,179)	(26,909)
Purchase of ordinary shares	1,292,480	1,533,713
Ending balance	184,957,739	175,658,694

*Accumulated Other Comprehensive Income (Loss)* The components of, and after-tax changes in, Accumulated other comprehensive loss as of and for the three months ended March 31, 2018 and 2017 are presented in the following table:

		<b>Unrealized Gains (Losses) on Unrealized Equity Gains Securities (Losses) and Equity on Available Securities Held -For-Sale Debt Equity</b>					<b>Defined Benefit Pension and Other Postretirement Benefit</b>	<b>Foreign Currency Adjustments</b>	<b>Total</b>
		<b>Financial Derivatives</b>	<b>Securities</b>	<b>Investees</b>	<b>Plans</b>	<b>Adjustments</b>			
<b>Millions of dollars</b>									
Balance	January 1, 2018	\$ (120)	\$	\$ 17	\$ (421)	\$ (761)	\$ (1,285)		
	Adoption of accounting standards	(2)		(17)	(51)		(70)		
	Other comprehensive income (loss) before reclassifications	(61)				37	(24)		
	Tax benefit before reclassifications	17				3	20		
	Amounts reclassified from accumulated other comprehensive	66			8		74		

Edgar Filing: SEARS HOLDINGS CORP - Form 4

income (loss)								
Tax expense		(15)			(1)			(16)
Net other comprehensive income (loss)		7			7		40	54
Balance	March 31, 2018	\$ (115)	\$	\$	\$ (465)	\$	(721)	\$ (1,301)

Table of Contents

## LYONDELLBASELL INDUSTRIES N.V.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Millions of dollars		Unrealized Gains (Losses) on Unrealized Gains (Losses) on Available -For-Sale Financial Derivatives						Total
		Securities	Investees	Equity Securities and Equity Held by Investees	Defined Benefit Pension and Other Postretirement Benefit Plans	Foreign Currency Translation Adjustments		
Balance	January 1, 2017	\$ (75)	\$ 1	\$	\$ (498)	\$ (939)	\$ (1,511)	
Other comprehensive income (loss) before reclassifications		(2)	(1)	8		38	43	
Tax (expense) benefit before reclassifications		6		1		(2)	5	
Amounts reclassified from accumulated other comprehensive income (loss)		25			10		35	
Tax expense		(7)			(3)		(10)	
Net other comprehensive income (loss)		22	(1)	9	7	36	73	
Balance	March 31, 2017	\$ (53)	\$	\$ 9	\$ (491)	\$ (903)	\$ (1,438)	

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

Millions of dollars		Three Months Ended		Affected Line Item on the Consolidated Statements of Income
		March 31, 2018	March 31, 2017	
Reclassification adjustments for:				
Financial derivatives	Foreign currency	\$ 62	\$ 25	Other income, net
Financial derivatives	Commodities	4		Cost of sales
Income tax expense		15	7	Provision for income taxes
Financial derivatives, net of tax		51	18	
Amortization of defined pension items:				

Edgar Filing: SEARS HOLDINGS CORP - Form 4

Actuarial loss	8	10	
Income tax expense	1	3	
Defined pension items, net of tax	7	7	
Total reclassifications, before tax	74	35	
Income tax expense	16	10	Provision for income taxes
Total reclassifications, after tax	\$ 58	\$ 25	Amount included in net income



Table of Contents**LYONDELLBASELL INDUSTRIES N.V.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Amortization of prior service cost and actuarial loss is included in the computation of net periodic pension and other postretirement benefit costs (see Note 8).

**12. 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:

Millions of dollars	Three Months Ended March 31,			
	2018		2017	
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations
Net income (loss)	\$ 1,231	\$	\$ 805	\$ (8)
Less: net (income) loss attributable to non-controlling interests				
Net income (loss) attributable to the Company shareholders	1,231		805	(8)
Net income attributable to participating securities	(1)		(1)	
Net income (loss) attributable to ordinary shareholders basic and diluted	\$ 1,230	\$	\$ 804	\$ (8)
<b>Millions of shares, except per share amounts</b>				
Basic weighted average common stock outstanding	394	394	403	403
Effect of dilutive securities:				
PSU awards	1	1		
Potential dilutive shares	395	395	403	403
Earnings (loss) per share:				
Basic	\$ 3.12	\$	\$ 2.00	\$ (0.02)
Diluted	\$ 3.11	\$	\$ 2.00	\$ (0.02)

**Millions of shares, except per share amounts**

Participating securities	0.5	0.5	0.4	0.4
Dividends declared per share of common stock	\$ 1.00	\$	\$ 0.85	\$

Table of Contents

**LYONDELLBASELL INDUSTRIES N.V.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**13. Segment and Related Information**

Our operations are managed through five operating segments, as shown below. We disclose the results of each of our operating segments in accordance with ASC 280, *Segment Reporting*. Each of our operating segments is managed by a senior executive reporting directly 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, including polypropylene compounds.

*Intermediates and Derivatives* ( I&D ). Our I&D segment produces and markets propylene oxide and its co-products and derivatives, oxyfuels and related products and intermediate chemicals such as styrene monomer, acetyls, ethylene oxide and ethylene glycol.

*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 (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.

Table of Contents

## 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:

Millions of dollars	Three Months Ended March 31, 2018						Total
	O&P Americas	O&P EAI	I&D	Refining	Technology	Other	
Sales and other operating revenues:							
Customers	\$ 1,882	\$ 3,485	\$ 2,310	\$ 2,002	\$ 88	\$	\$ 9,767
Intersegment	876	77	33	255	27	(1,268)	
	2,758	3,562	2,343	2,257	115	(1,268)	9,767
Income from equity investments	17	76	3				96
EBITDA	780	518	486	63	56	10	1,913

Millions of dollars	Three Months Ended March 31, 2017						Total
	O&P Americas	O&P EAI	I&D	Refining	Technology	Other	
Sales and other operating revenues:							
Customers	\$ 1,999	\$ 2,967	\$ 2,121	\$ 1,250	\$ 93	\$	\$ 8,430
Intersegment	605	57	29	103	27	(821)	
	2,604	3,024	2,150	1,353	120	(821)	8,430
Income from equity investments	14	66	1				81
EBITDA	723	529	339	(30)	60	(4)	1,617

In the first three months of 2017, our O&P Americas segment results included a \$31 million gain on the sale of our Lake Charles, Louisiana site. Our I&D segment results for the first quarter of 2017 included charges approximating \$40 million primarily related to the precious metal catalysts.

**Table of Contents****LYONDELLBASELL INDUSTRIES N.V.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

<b>Millions of dollars</b>	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>EBITDA:</b>		
Total segment EBITDA	\$ 1,903	\$ 1,621
Other EBITDA	10	(4)
<b>Less:</b>		
Depreciation and amortization expense	(299)	(296)
Interest expense	(91)	(207)
<b>Add:</b>		
Interest income	11	6
<b>Income from continuing operations before income taxes</b>	<b>\$ 1,534</b>	<b>\$ 1,120</b>

---

**Table of Contents**

**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**

We started 2018 with strong operations, capturing higher margins for several of our products and advancing our organic and inorganic growth programs. EBITDA improved by 11% relative to the fourth quarter of 2017 and by 18% relative to the first quarter of 2017. Global polyolefins demand remained solid. While U.S. ethylene prices weakened, a tight market for polyolefins supported a polyethylene price increase and strong chain margins. Strong results for our Intermediates and Derivatives ( I&D ) segment were driven primarily by higher margins, while our reliability initiatives at our Houston refinery resulted in strong operations during the first quarter of 2018.

Significant items that affected our results during the first quarter of 2018 relative to the first quarter of 2017 include:

Strong global polyolefins markets led to higher margins in our O&P Americas segment, offset in part by small volume declines;

Slightly lower O&P EAI results with margin declines in Europe, mostly offset by favorable foreign exchange impacts;

I&D segment results improved with increased margins; and

Refining segment results reflected normal operations relative to the turnaround activity in first quarter 2017, resulting in higher crude processing rates and improved yields.

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

Announcement of definitive agreement in February 2018 to acquire A. Schulman, Inc., a leading global supplier of high-performance plastic compounds, composites and powders, for a total consideration of \$2.25 billion;

Acquired a 50% interest in Quality Circular Polymers, a high standard plastics recycling company in Sittard-Geleen, Netherlands; and

Increased quarterly dividend from \$0.90 cents to \$1.00 in February 2018.

**Table of Contents**

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

<b>Millions of dollars</b>	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
Sales and other operating revenues	\$ 9,767	\$ 8,430
Cost of sales	8,012	6,991
Selling, general and administrative expenses	233	204
Research and development expenses	28	25
Operating income	1,494	1,210
Interest expense	(91)	(207)
Interest income	11	6
Other income, net	24	30
Income from equity investments	96	81
Provision for income taxes	303	315
Income from continuing operations	1,231	805
Loss from discontinued operations, net of tax		(8)
Net income	\$ 1,231	\$ 797

**RESULTS OF OPERATIONS**

**Revenues** Revenues increased by \$1,337 million, or 16%, in the first quarter of 2018 compared to the first quarter of 2017.

Average sales prices in the first quarter of 2018 were higher for most of our products as sales prices generally correlate with crude oil prices, which on average, increased compared to the corresponding period in 2017. These higher prices led to an increase in first quarter 2018 revenues of 7%. Higher volumes in our Refining and O&P-EAI segments, which were offset approximately 35% by lower O&P Americas and I&D segment volumes, resulted in a revenue increase of 3% in the first quarter of 2018. Favorable foreign exchange impacts also resulted in a revenue increase of 6%.

**Cost of Sales** Cost of sales increased by \$1,021 million, or 15%, in the first quarter of 2018 compared to the first quarter of 2017 primarily due to increases in feedstock and energy costs.

**Operating Income** Operating income increased by \$284 million in the first quarter of 2018 compared to the first quarter of 2017.

Operating income for our I&D, O&P Americas and Refining segments increased relative to the first quarter of 2017 by \$139 million, \$92 million and \$85 million, respectively. These increases were offset in part by a decrease of \$28 million in our O&P EAI segment.

Results for each of our business segments are discussed further in the [Segment Analysis](#) section below.



**Interest Expense** Interest expense decreased by \$116 million in the first quarter of 2018 compared to the first quarter of 2017.

In March 2017, we recognized charges totaling \$113 million related to the redemption of \$1,000 million of our outstanding 5% senior notes due 2019. These charges included \$65 million of prepayment premiums, \$44 million for adjustments associated with fair value hedges and \$4 million for the write-off of associated unamortized debt issuance costs.

**Table of Contents**

Compared to 2017 and excluding the effects of fair value hedges and the charges described above, interest expense decreased \$13 million in the first quarter of 2018 due to the redemption of our 5% senior notes due 2019 in the first quarter of 2017, and increased \$7 million as a result of the related debt issuance in March 2017 of our 3.5% guaranteed notes due 2027. An increase in the amount of interest capitalized resulted in an incremental decrease in interest expense of \$4 million during the first quarter of 2018.

**Income Tax** Our effective income tax rate for the first quarter of 2018 was 19.8% compared with 28.1% for the first quarter of 2017.

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, 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. The interest income is earned by certain of our European subsidiaries through intercompany financings and is either untaxed or taxed at rates substantially lower than the U.S. statutory rate. The export incentives relate to tax benefits derived from elections and structures available for U.S. exports. The equity earnings are attributable to our joint ventures and these earnings when paid through dividends to certain European subsidiaries are eligible for participation exemptions, which exempt the dividend payments from all or portions of normal statutory income tax rates. We currently anticipate the favorable treatment for the interest income and dividends to continue in the near term; however, this treatment is based on current law and tax rulings, which could change. The foreign exchange gains/losses have a permanent impact on our effective income tax rate that can cause unpredictable movement in our effective income tax rate.

Compared with the first quarter of 2017, the lower effective tax rate for the first quarter of 2018 was primarily attributable to the impact of the reduction to the U.S. federal statutory tax rate as a result of the U.S.-enacted H.R.1, also known as the Tax Cuts and Jobs Act (the Tax Act) (-6.3%) and increases in exempt income (-3.3%), partially offset by the repeal of the U.S. domestic production activity deduction (1.2%).

We monitor income tax developments in countries where we conduct business. On December 22, 2017, the Tax Act was enacted with some provisions effective as early as 2017 while others were delayed until 2018. This change in U.S. tax law included a reduction in the federal corporate tax rate from 35% to 21% for years beginning after 2017, which resulted in the remeasurement of our U.S. net deferred income tax liabilities. Our 2017 income tax provision included a provisional estimate of \$819 million income tax benefit related to the remeasurement of our U.S. net deferred income tax liabilities. The impact of the Tax Act may differ from this reasonable estimate due to additional guidance that may be issued, changes in assumptions made, and the finalization of certain U.S. income tax positions with the filing of our 2017 U.S. income tax return which will allow for the ability to conclude whether any further adjustments are necessary to our deferred tax assets and liabilities. Any adjustments to these provisional amounts will be reported as a component of income tax expense in the reporting period in which any such adjustments are identified which will be no later than the fourth quarter of 2018. We will continue to analyze the Tax Act to determine the full effects of the new law.

In September 2016, the United Kingdom enacted provisions (the so called anti-hybrid provisions), effective for years beginning January 1, 2017, that resulted in changes to our internal financing structure which did not materially impact our Consolidated Financial Statements. In addition, in October 2016 the U.S. Treasury issued final Section 385 debt-equity regulations that may impact our internal financings in future years. Pursuant to a recent Executive Order, the Treasury Department reviewed these regulations and determined to delay but retain these regulations, subject to further review after enactment of U.S. tax reform. There has been an increase in attention, both in the U.S. and globally, to the tax practices of multinational companies, including the European Union's state aid investigations and

proposals by the Organization for Economic Cooperation and Development with respect to base erosion and profit shifting. Such attention may result in additional legislative changes that could adversely affect our tax rate. Other than the recently enacted Tax Act, management does not believe that recent changes in income tax laws will have a material impact on our Consolidated Financial Statements, although new or proposed changes to tax laws could affect our tax liabilities in the future.

**Table of Contents**

**Comprehensive Income** Comprehensive income increased by \$415 million in the first quarter of 2018 compared to the first quarter of 2017. This improvement reflects higher net income in the first quarter of 2018. These increases were partly offset by unfavorable impacts of financial derivative instruments recognized in the first quarter of 2018 primarily driven by periodic changes in benchmark interest rates.

The predominant functional currency for our operations outside of the U.S. is the euro. Relative to the U.S. dollar, the value of the euro increased during the first quarter of 2018 resulting in net gains as reflected in the Consolidated Statements of Comprehensive Income. These net gains include pre-tax losses of \$42 million in the first quarter of 2018 which represent the effective portion of our net investment hedges.

In the first quarter of 2018, the cumulative effects of our derivatives designated as cash flow hedges were net gains of \$5 million. The strengthening of the euro against the U.S. dollar in the first quarter of 2018 and periodic changes in benchmark interest rates resulted in pre-tax losses of \$108 million related to our cross-currency swaps. Pre-tax gains of \$62 million related to our cross-currency swaps were reclassification adjustments included in other income, net in the first quarter of 2018. Pre-tax gains of \$49 million related to forward-starting interest rate swaps were driven by changes in benchmark interest rates in the first quarter of 2018.

**Table of Contents****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 13, *Segment and Related Information*, to our Consolidated Financial Statements.

Our continuing operations are divided into five reportable segments: O&P Americas; O&P EAI; I&D; Refining; and Technology. Revenues and the components of EBITDA for the periods presented are reflected in the table below.

<b>Millions of dollars</b>	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Sales and other operating revenues:</b>		
O&P Americas segment	\$ 2,758	\$ 2,604
O&P EAI segment	3,562	3,024
I&D segment	2,343	2,150
Refining segment	2,257	1,353
Technology segment	115	120
Other, including intersegment eliminations	(1,268)	(821)
Total	\$ 9,767	\$ 8,430
<b>Operating income (loss):</b>		
O&P Americas segment	\$ 651	\$ 559
O&P EAI segment	373	401
I&D segment	408	269
Refining segment	15	(70)
Technology segment	46	50
Other, including intersegment eliminations	1	1
Total	\$ 1,494	\$ 1,210
<b>Depreciation and amortization:</b>		
O&P Americas segment	\$ 107	\$ 118
O&P EAI segment	63	59
I&D segment	73	69
Refining segment	46	40
Technology segment	10	10
Total	\$ 299	\$ 296

**Income from equity investments:**

O&P Americas segment	\$	17	\$	14
O&P EAI segment		76		66
I&D segment		3		1
Total	\$	96	\$	81

**Table of Contents**

Millions of dollars	Three Months Ended	
	March 31,	
	2018	2017
<b>Other income (expense), net:</b>		
O&P Americas segment	\$ 5	\$ 32
O&P EAI segment	6	3
I&D segment	2	
Refining segment	2	
Other, including intersegment eliminations	9	(5)
<b>Total</b>	<b>\$ 24</b>	<b>\$ 30</b>
<b>EBITDA:</b>		
O&P Americas segment	\$ 780	\$ 723
O&P EAI segment	518	529
I&D segment	486	339
Refining segment	63	(30)
Technology segment	56	60
Other, including intersegment eliminations	10	(4)
<b>Total</b>	<b>\$ 1,913</b>	<b>\$ 1,617</b>

***Olefins and Polyolefins Americas Segment***

**Overview** EBITDA in the first quarter 2018 was higher than the first quarter of 2017 due to strong polyolefins results, which were partly offset by lower volumes. EBITDA for the first quarter of 2017 included a \$31 million gain on the sale of our Lake Charles, Louisiana, site.

*Ethylene Raw Materials* 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. 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.

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 2018. In the first quarters of 2018 and 2017, we produced approximately 80% and 75%, respectively, of our ethylene from ethane. Despite generally higher liquid feedstock prices, strong propylene and butadiene coproduct prices at various points during these periods also brought liquids into our feedslate.

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:

Millions of dollars	Three Months Ended	
	March 31,	
	2018	2017
Sales and other operating revenues	\$ 2,758	\$ 2,604

Income from equity investments	17	14
EBITDA	780	723

**Revenues** Revenues for our O&P Americas segment increased by \$154 million, or 6%, in the first quarter of 2018 compared to the first quarter of 2017.



**Table of Contents**

Average polyolefins sales prices were higher in the first quarter of 2018, compared to first quarter of 2017. Polyethylene sales prices increased due to strong market demand, while polypropylene average sales prices rose in response to increases in propylene prices. These higher sales prices were responsible for an increase in revenues of 8% in the first quarter of 2018.

Sub-freezing weather conditions on the Gulf Coast in mid-January resulted in unplanned downtime at our facilities and those of our competitors. These unplanned outages led to a decline in sales volumes across most products, which was responsible for a revenue decrease of 2% in the first quarter of 2018.

**EBITDA** EBITDA increased by \$57 million, or 8%, in the first quarter of 2018 compared to the first quarter of 2017.

Polyethylene and polypropylene margins increased by 11 cents per pound and 5 cents per pound, respectively, leading to a 20% improvement in EBITDA in the first quarter of 2018. These margin increases reflect higher sales prices and lower ethylene feedstock price in the case of polyethylene, and for polypropylene, higher sales prices that rose in response to increases in propylene feedstock costs.

These EBITDA improvements were offset by a 4% decrease relative to the first quarter of 2017 related to the gain on sale of our Lake Charles, Louisiana site discussed above. The lower volumes discussed above resulted in a further decline in EBITDA of 8%.

***Olefins and Polyolefins Europe, Asia, International Segment***

**Overview** First quarter 2018 EBITDA declined slightly compared to the first quarter of 2017 as lower margins in Europe were mostly offset by the favorable impacts of foreign exchange, increased sales volumes and improved income from equity investments.

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:

Millions of dollars	Three Months Ended	
	March 31,	
	2018	2017
Sales and other operating revenues	\$ 3,562	\$ 3,024
Income from equity investments	76	66
EBITDA	518	529

**Revenues** Revenues increased by \$538 million, or 18%, in the first quarter of 2018 compared to the first quarter of 2017.

Increased production stemming from an improvement in operating rates, and higher demand compared to the first quarter of 2017 led to higher sales volumes across most products. These increased volumes resulted in a revenue increase of 3% in the first quarter of 2018. Higher average sales prices for most products in the first quarter of 2018 also resulted in a 3% revenue increase.

Foreign exchange impacts that, on average, were favorable for the first quarter of 2018 resulted in an additional revenue increase of 12% compared to the first quarter of 2017.

**EBITDA** EBITDA in the first quarter of 2018 decreased by \$11 million, or 2%, compared to the first quarter of 2017.

In the first quarter of 2018, lower margins in Europe, which declined mainly due to a 4 cents per pound decrease in polyethylene spreads and a 4 cents per pound increase in the weighted average cost of ethylene production, led to a 19% decline in EBITDA.

**Table of Contents**

This decline was largely offset by favorable foreign exchange impacts and higher volumes across most products which increased EBITDA by 12% and 3%, respectively, relative to the first quarter of 2017. An additional 2% increase in EBITDA resulted from higher income from our equity investments in the first quarter of 2018.

***Intermediates and Derivatives Segment***

**Overview** EBITDA for our I&D segment was higher in the first quarter of 2018 than the first quarter of 2017 as margins benefited from industry supply constraints and strong demand. EBITDA for the first quarter of 2017 included a negative impact of approximately \$40 million related to precious metal catalysts.

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

<b>Millions of dollars</b>	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
Sales and other operating revenues	\$ 2,343	\$ 2,150
Income from equity investments	3	1
<b>EBITDA</b>	<b>486</b>	<b>339</b>

**Revenues** Revenues increased by \$193 million, or 9%, in the first quarter of 2018 compared to the first quarter of 2017.

Higher average sales prices in the first quarter of 2018 for most products, which reflect the impacts of higher feedstock and energy costs and recent industry supply constraints, were responsible for a revenue increase of 7%. Foreign exchange impacts that, on average, were higher in the first quarter of 2018 relative to the prior year period added another 4% to revenues.

These increases were partially offset by a revenue decrease of 2% in the first quarter of 2018, primarily due to lower sales volumes for intermediate chemicals products. This volume driven decline was largely due to planned and unplanned outages at our facilities at La Porte and Channelview, Texas, and Tuscola, Illinois.

**EBITDA** EBITDA increased \$147 million, or 43%, in the first quarter of 2018 compared to the first quarter of 2017.

Higher margins led to a 36% improvement in first quarter 2018 EBITDA relative to the first quarter of 2017. Tight supplies driven by seasonal demand for PO and derivatives products and by industry outages for several intermediate chemicals products led to higher sales prices. PO and derivatives and intermediate chemicals each accounted for approximately 40% of the margin improvement. The remaining increase in margins was attributable to oxyfuels and related products, which benefited from an approximate \$13 per barrel increase in crude oil prices that more than offset the higher cost of feedstocks. An additional 12% increase in first quarter 2018 EBITDA, as compared to the corresponding prior year period, stems from the absence of the first quarter 2017 unfavorable impact associated with precious metal catalysts. These improvements were partly offset by a 5% decline in EBITDA due to the impact of lower volumes discussed above.

**Table of Contents*****Refining Segment***

**Overview** EBITDA for our Refining segment benefited from higher crude processing rates and higher yields in the first quarter of 2018 compared to the corresponding period in 2017, which was impacted by planned and unplanned maintenance outages.

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.

<b>Millions of dollars</b>	<b>Three Months Ended</b>	
	<b>2018</b>	<b>2017</b>
Sales and other operating revenues	\$ 2,257	\$ 1,353
EBITDA	63	(30)
Heavy crude processing rates, thousands of barrels per day	252	193
<b>Market margins, dollars per barrel</b>		
Light crude oil 2-1-1	\$ 12.62	\$ 11.86
Light crude Maya differential	8.10	8.78
Total Maya 2-1-1	\$ 20.72	\$ 20.64

**Revenues** Revenues increased by \$904 million, or 67%, in the first quarter of 2018 compared to the first quarter of 2017.

Higher product prices led to a revenue increase of 26%, relative to the first quarter of 2017 due to an average crude oil price increase of approximately \$13 per barrel. Heavy crude oil processing rates increased by approximately 30% in the first quarter of 2017, leading to a volume driven revenue increase of 41%.

**EBITDA** EBITDA increased by \$93 million, or 310%, in the first quarter of 2018 compared to the first quarter of 2017.

Higher production accounted for approximately one third of the EBITDA improvement in the first quarter of 2017. Crude oil processing rates in 2018 were higher than 2017, which was negatively impacted by downtime at one of our crude units and at our fluid catalytic cracking ( FCC ) unit.

Refining margins accounted for the remaining improvement in first quarter 2018 EBITDA. Margins were higher on better yields for the first quarter 2018 compared to the same period in 2017, which was negatively impacted by the planned turnaround activity on our FCC unit.

**Table of Contents*****Technology Segment***

**Overview** EBITDA for the Technology segment declined in the first quarter of 2018 compared to the first quarter 2017 with lower licensing and services revenues.

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

<b>Millions of dollars</b>	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Sales and other operating revenues	\$ 115	\$ 120
EBITDA	56	60

**Revenues** Revenues decreased by \$5 million, or 4%, in the first quarter of 2018 compared to the first quarter of 2017.

Lower licensing and services revenues were responsible for a revenue decrease of 4% in the first quarter of 2018 relative to the first quarter of 2017. Lower catalyst volumes and average sales prices led to additional revenue declines of 9% and 5%, respectively. These revenue decreases were partially offset by a 14% revenue increase in the first quarter of 2018 stemming from favorable foreign exchange impacts.

**EBITDA** EBITDA decreased by \$4 million, or 7%, in the first quarter of 2018 compared to the first quarter of 2017, primarily due to lower licensing and services revenues.

Table of Contents**FINANCIAL CONDITION**

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

<b>Millions of dollars</b>	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
Source (use) of cash:		
Operating activities	\$ 1,006	\$ 678
Investing activities	(189)	(541)
Financing activities	(520)	(537)

**Operating Activities** Cash of \$1,006 million generated by operating activities in the first quarter of 2018 reflected an increase in earnings adjusted for non-cash items, offset by payments for taxes and employee bonuses, and \$179 million of cash consumed by the main components of working capital accounts receivable, inventories and accounts payable.

Higher first quarter 2018 sales volumes in our O&P EAI segment relative to the fourth quarter of 2017 resulted in the increase in accounts receivable. The delay in cargo deliveries for our refining segment from December 2017 to the first quarter of 2018 combined with their seasonally lower year-end inventory levels led to the increase in inventories. Increased feedstock prices for our refining segment in the first quarter of 2018 was the primary driver for the increase in accounts payable.

The main components of working capital consumed \$423 million of cash in the first quarter of 2017. The increase in accounts receivable, which was the most significant component of the change in working capital, was mainly driven by higher product sales prices in our O&P Americas, O&P EAI and I&D segments in the first quarter of 2017 relative to the fourth quarter of 2016.

**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 quarter of 2018 and 2017, we invested \$50 million and \$408 million, respectively, in debt securities that are deemed available-for-sale and classified as Short-term investments. In the first quarter of 2017, we also invested \$324 million in tri-party repurchase agreements, which are classified as short-term loans receivable.

We received proceeds of \$335 million and \$338 million in the first quarter of 2018 and 2017, respectively, upon the sale and maturity of certain of our available-for-sale debt securities. In the first quarter of 2017, we also received proceeds of \$202 million and \$44 million, respectively, upon maturity of certain of our repurchase agreements and held-to-maturity securities.

See note 7 to the Consolidated Financial Statements for additional information regarding these investments.

**Table of Contents**

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

Millions of dollars	Three Months Ended	
	March 31,	
	2018	2017
<b>Capital expenditures by segment:</b>		
O&P Americas	\$ 246	\$ 202
O&P EAI	69	47
I&D	68	77
Refining	36	84
Technology	8	7
Other	2	4
Consolidated capital expenditures	\$ 429	\$ 421

In the first quarter of 2018 and 2017, our capital expenditures included construction related to our new Hyperzone polyethylene plant at our La Porte, Texas facility and our new PO/TBA plant at our Channelview, Texas facility, debottlenecks of certain assets to enhance production, turnaround activities at several sites as well as other plant improvement projects. The higher level of capital expenditures for our O&P Americas segment in the first quarter of 2018 relative to the same period in 2017 is largely due to the construction of our new Hyperzone polyethylene plant. The lower level of capital expenditures for our Refining segment reflects the completion of turnaround activities in 2017.

**Financing Activities** In the first quarter of 2018 and 2017, we made payments of \$119 million and \$160 million to acquire approximately 1 million and 2 million, respectively, of our outstanding ordinary shares. We also made dividend payments totaling \$395 million and \$343 million during the first quarter of 2018 and 2017, respectively. For additional information related to our share repurchases and dividend payments, see Note 11 to the Consolidated Financial Statements.

We received net proceeds of \$50 million in the first quarter of 2017 through the issuance and repurchase of commercial paper instruments under our commercial paper program.

In March 2017, we issued \$1,000 million of 3.5% guaranteed notes due 2027 and received net proceeds of \$990 million. The proceeds from these notes, together with available cash, were used to repay \$1,000 million of our outstanding 5% senior notes due 2019. We paid \$65 million in premiums related to this prepayment.

Additional information related to these notes can be found in the Liquidity and Capital Resources section below and in Note 6 to the Consolidated Financial Statements.

---

**Table of Contents**

**Liquidity and Capital Resources** As of March 31, 2018, we had \$2,882 million of unrestricted cash and cash equivalents and marketable securities classified as Short-term investments and held \$586 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 7 to the Consolidated Financial Statements.

At March 31, 2018, we held \$617 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 \$3,400 million at March 31, 2018, which included the following:

\$2,500 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 March 31, 2018, we had no outstanding commercial paper, outstanding letters of credit or outstanding borrowings under the facility; and

\$900 million under our \$900 million U.S. accounts receivable securitization 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 March 31, 2018.

At March 31, 2018, we had total debt, including current maturities, of \$8,613 million, and \$296 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 6 to the Consolidated Financial Statements.

In May 2017, our shareholders approved a proposal to authorize us to repurchase up to an additional 10%, or approximately 40 million, of our outstanding ordinary shares through November 2018 ( May 2017 Share Repurchase Program ). 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 quarter of 2018, we purchased approximately 1 million shares under this program for approximately \$138 million. As of April 24, 2018, we had approximately 31 million shares remaining under the current authorization. The timing and amounts of additional shares repurchased will be determined by our Management Board based on its evaluation of market conditions and other factors. For additional information related to our share repurchase programs, see Note 11 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.

## **Table of Contents**

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. The project is estimated to cost approximately \$2.4 billion, with groundbreaking expected in the third quarter of 2018. We anticipate the project to be completed in the middle of 2021.

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.

In March 2018, we received U.S. antitrust clearance for the acquisition of A. Schulman, Inc. The closing of this transaction remains subject to other customary closing conditions, including approval of A. Schulman, Inc. s shareholders and the receipt of other required regulatory clearances and approvals. Closing of this \$2.25 billion acquisition is expected in the second half of 2018. We plan to use cash-on-hand to fund the acquisition.

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**

We are beginning to see the typical seasonal margin improvements for oxyfuels and related products and refining products, and we look forward to the benefits of continued high operating rates in the second quarter. Over the past two months, the U.S. market has experienced an imbalance between ethylene production and consumption, but this is expected to improve as the downstream derivative units attain full operating rates. Robust global demand and recent higher oil prices continue to support strong polyolefin pricing. Our organic growth program continues with our Hyperzone HDPE and PO/TBA projects on track.

## **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.

---

**Table of Contents**

**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, 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;

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;

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;

**Table of Contents**

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.

**Table of Contents**

**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, 2017. Our exposure to such risks has not changed materially in the three months ended March 31, 2018.

**Item 4. CONTROLS AND PROCEDURES**

As of March 31, 2018, 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 March 31, 2018.

There have been no changes in our internal control 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.

**Table of Contents****PART II. OTHER INFORMATION****Item 1. LEGAL PROCEEDINGS**

Information regarding our litigation and other legal proceedings can be found in Note 10, *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 sanctions are reasonably likely to be \$100,000 or more.

In August 2015, the Victoria plant experienced a hexane leak into the cooling water system which resulted in estimated emissions of 154,000 pounds of hexane over a 12-day period from the cooling water pond operated by the site host, Invista. In November 2017, the Texas Commission on Environmental Quality (the TCEQ) issued a proposed agreed order to both Invista and Equistar assessing a proposed penalty of \$300,000. TCEQ issued a revised proposed agreed order in January 2018 that lowered the administrative penalty to \$93,750.

In January 2018, Houston Refining, LP learned that the TCEQ had referred an environmental matter to the Texas Attorney General's office (TAGO) for enforcement. The environmental matter referred to TAGO for enforcement stems from air emissions events sustained at the refinery. We reasonably believe that TAGO may assert a penalty demand in excess of \$100,000.

Additional information about such environmental proceedings can be found in Part I, Item 3 of our 2017 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 2017 Annual Report on Form 10-K.

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

Period	Issuer Purchases of Equity Securities			
	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs (1)
January 1 – January 31				33,570,716
February 1 – February 28	72,792	\$ 109.92	72,792	33,497,924
March 1 – March 31	1,219,688	\$ 107.01	1,219,688	32,278,236

Total	1,292,480	\$	107.17	1,292,480	32,278,236
-------	-----------	----	--------	-----------	------------

- (1) On May 24, 2017, we announced a share repurchase program of up to 40,087,633 of our ordinary shares through November 23, 2018, which superseded any prior repurchase authorizations. The maximum number of shares that may yet be purchased is not necessarily an indication of the number of shares that will ultimately be purchased.

**Item 4. MINE SAFETY DISCLOSURES**

Not applicable.



---

**Table of Contents**

**Item 6. EXHIBITS**

- 2.1 Agreement and Plan of Merger, dated as of February 15, 2018, among LyondellBasell Industries N.V., LYB Americas Holdco Inc., and A. Schulman, Inc. (incorporated by reference to Exhibit 2.1 of our Current Report on Form 8-K filed with the SEC on February 15, 2018)
- 10.1 Form of the Contingent Value Rights Agreement, among A. Schulman, Inc., LyondellBasell Industries N.V., members of the committee and a paying agent to be specified (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed with the SEC on February 15, 2018)
- 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
- 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

\* Filed herewith.

**Table of Contents**

**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: April 27, 2018

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