Stone Harbor Emerging Markets Income Fund
Form N-Q
October 29, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED

MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-22473

Stone Harbor Emerging Markets Income Fund

(Exact name of registrant as specified in charter)

c/o Stone Harbor Investment Partners LP

31 West 52nd Street, 16th Floor

New York, NY 10019

(Address of principal executive offices) (Zip code)

Adam J. Shapiro, Esq.

c/o Stone Harbor Investment Partners LP

31 West 52nd Street, 16th Floor

New York, NY 10019

(Name and address of agent for service)

With copies to:

Michael G. Doherty, Esq.

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1211 Avenue of the Americas

New York, NY 10036

Registrant s telephone number, including area code: (303) 623-2577

Date of fiscal year end: November 30

Date of reporting period: June 1, 2014   August 31, 2014

Item 1. Schedule of Investments.

Stone Harbor Emerging Markets Income Fund

Statement of Investments
August 31, 2014 *(Unaudited)*

	Currency	Rate	Maturity Date	Principal Amount*	Market Value (Expressed in U.S. $)
SOVEREIGN DEBT OBLIGATIONS - 85.56%					
Argentina - 13.65%					
City of Buenos Aires Argentina	USD	9.950%	03/01/2017	1,249,000	$ 1,199,040(1)
Republic of Argentina:					
	USD	7.000%	10/03/2015	31,662,046	28,991,001(2)
	USD	7.000%	04/17/2017	11,793,459	9,869,487(2)
	USD	8.750%	06/02/2017	1,280,369	1,088,314(3)
	USD	6.000%	03/31/2023	2,500,000	2,887,500(3)
					44,035,342
Brazil - 15.86%					
Nota Do Tesouro Nacional:					
	BRL	10.000%	01/01/2017	29,120,000	12,664,392
	BRL	10.000%	01/01/2021	44,260,000	18,748,709
	BRL	10.000%	01/01/2023	47,030,000	19,752,285
					51,165,386
Costa Rica - 0.49%					
Republic of Costa Rica:					
	USD	4.250%	01/26/2023	690,000	655,500(4)
	USD	4.375%	04/30/2025	500,000	471,250(1)
	USD	7.000%	04/04/2044	431,000	453,627(1)
					1,580,377
Croatia - 0.50%					
Croatian Government	USD	6.000%	01/26/2024	1,497,000	1,618,631(1)(2)
Dominican Republic - 5.22%					
Dominican Republic:					
	USD	7.500%	05/06/2021	7,379,000	8,614,983(2)(4)
	USD	5.875%	04/18/2024	7,695,000	8,214,412(1)(2)
					16,829,395
El Salvador - 3.97%					
Republic of El Salvador:					
	USD	7.750%	01/24/2023	829,000	947,132(4)

	USD	8.250%	04/10/2032	5,000,000	5,896,475(2)(4)
	USD	7.650%	06/15/2035	3,000,000	3,300,000(2)(4)
	USD	7.625%	02/01/2041	2,450,000	2,658,250(2)(4)
					12,801,857
Ghana - 0.39%					
Republic of Ghana	USD	7.875%	08/07/2023	1,295,000	1,273,633(2)(4)
Indonesia - 3.09%					
Inter-American Development Bank	IDR	0.000%	08/20/2015	62,090,000,000	4,974,100(5)
Republic of Indonesia:					
	USD	6.625%	02/17/2037	2,000,000	2,365,000(2)(4)
	USD	7.750%	01/17/2038	2,000,000	2,640,000(2)(4)
					9,979,100
Iraq - 2.64%					
Republic of Iraq	USD	5.800%	01/15/2028	9,416,000	8,509,710(2)(4)

	Currency	Rate	Maturity Date	Principal Amount*	Market Value (Expressed in U.S. $)
Ivory Coast - 4.65%					
Ivory Coast Government:					
	USD	5.375%	07/23/2024	467,000	$ 463,031(1)
	USD	7.774%	12/31/2032	14,604,000	14,530,980(2)(4)(6)
					14,994,011
Jamaica - 0.17%					
Jamaican Government	USD	7.625%	07/09/2025	500,000	535,000
Kenya - 0.30%					
Republic of Kenya	USD	6.875%	06/24/2024	894,000	969,096(1)
Mexico - 8.08%					
Mexican Bonos:					
	MXN	9.500%	12/18/2014	9,731,000	758,523
	MXN	6.250%	06/16/2016	3,209,000	258,088
	MXN	8.000%	06/11/2020	81,030,000	7,111,029
	MXN	6.500%	06/10/2021	193,410,000	15,794,311
	MXN	10.000%	12/05/2024	21,200,000	2,161,745
					26,083,696
Mozambique - 2.59%					
Republic of Mozambique	USD	6.305%	09/11/2020	8,150,000	8,353,750(2)(4)
Nigeria - 2.21%					
Nigerian Government Bond	NGN	15.100%	04/27/2017	613,000,000	4,107,130
Republic of Nigeria:					
	USD	6.375%	07/12/2023	882,000	971,523(4)
	USD	6.375%	07/12/2023	1,859,000	2,047,689(1)(2)
					7,126,342
Panama - 0.18%					
Republic of Panama	USD	8.125%	04/28/2034	424,000	588,300
Paraguay - 0.32%					
Republic of Paraguay	USD	6.100%	08/11/2044	957,000	1,028,775(1)
Russia - 1.06%					
Russian Federation	USD	7.500%	03/31/2030	3,065,694	3,412,883(2)(4)(6)

South Africa - 9.12%					
Republic of South Africa:					
	ZAR	13.500%	09/15/2015	26,070,000	2,608,444
	ZAR	8.000%	12/21/2018	83,340,000	8,078,561
	ZAR	7.250%	01/15/2020	192,550,000	17,997,190
	ZAR	6.750%	03/31/2021	7,380,000	665,245
	ZAR	7.000%	02/28/2031	920,000	75,370
					29,424,810
Turkey - 6.21%					
Republic of Turkey:					
	TRY	6.500%	01/07/2015	2,560,000	1,174,888
	TRY	8.300%	06/20/2018	6,410,000	2,919,694
	TRY	10.500%	01/15/2020	15,700,000	7,790,076
	TRY	7.100%	03/08/2023	19,770,000	8,158,612
					20,043,270
Ukraine - 1.80%					
Ukraine Government:					
	USD	6.875%	09/23/2015	2,000,000	1,835,000(1)(2)

	Currency	Rate	Maturity Date	Principal Amount*	Market Value (Expressed in U.S. $)
Ukraine (continued)					
Ukraine Government: (continued)					
	USD	9.250%	07/24/2017	4,318,000	$ 3,972,560(2)(4)
					5,807,560
Venezuela - 3.06%					
Republic of Venezuela:					
	USD	13.625%	08/15/2018	518,000	527,324(4)
	USD	12.750%	08/23/2022	3,347,000	3,213,120(2)(4)
	USD	9.000%	05/07/2023	4,042,300	3,203,523(4)
	USD	7.650%	04/21/2025	924,000	649,110
	USD	9.250%	05/07/2028	3,000,000	2,295,000(4)
					9,888,077
TOTAL SOVEREIGN DEBT OBLIGATIONS					276,049,001
(Cost $290,910,185)					
BANK LOANS - 0.31%(7)					
Indonesia - 0.31%					
PT Bakrie & Brothers TBK	USD	6.151%	11/25/2014	2,515,676	1,006,270
TOTAL BANK LOANS					1,006,270
(Cost $1,006,270)					
CORPORATE BONDS - 48.77%					
Argentina - 0.59%					
YPF SA	USD	8.750%	04/04/2024	1,803,000	1,893,150(1)
Brazil - 3.40%					
Centrais Eletricas Brasileiras SA	USD	5.750%	10/27/2021	1,700,000	1,768,850(4)
CIMPOR Financial Operations BV	USD	5.750%	07/17/2024	1,500,000	1,485,000(1)
ESAL GmbH	USD	6.250%	02/05/2023	3,001,000	3,014,130(1)(2)
GTL Trade Finance Inc.	USD	7.250%	04/16/2044	1,000,000	1,055,000(1)
Minerva Luxembourg SA	USD	7.750%	01/31/2023	505,000	537,825(1)
Odebrecht Offshore Drilling Finance Ltd.	USD	6.750%	10/01/2022	1,874,405	2,036,072(1)
Votorantim Cimentos SA	USD	7.250%	04/05/2041	1,000,000	1,077,500(1)
					10,974,377

Chile - 1.19%					
GeoPark Latin America Ltd. Agencia en Chile	USD	7.500%	02/11/2020	950,000	1,036,740(1)
VTR Finance BV	USD	6.875%	01/15/2024	2,600,000	2,800,473(1)
					3,837,213
China - 2.14%					
CITIC Ltd.:					
	USD	7.875%	Perpetual	1,850,000	1,988,750(8)
	USD	8.625%	Perpetual	450,000	532,125(4)(8)
Country Garden Holdings Co. Ltd.:					
	USD	11.125%	02/23/2018	750,000	815,625(1)
	USD	11.125%	02/23/2018	1,250,000	1,359,375(4)
Kaisa Group Holdings Ltd.:					
	USD	8.875%	03/19/2018	1,000,000	1,042,500(1)
	USD	10.250%	01/08/2020	1,095,000	1,171,650(4)
					6,910,025
Colombia - 1.59%					
Emgesa SA ESP	COP	8.750%	01/25/2021	911,000,000	517,270(1)
Empresas Publicas de Medellin ESP:	COP				
		8.375%	02/01/2021	500,000,000	275,728(4)

	Currency	Rate	Maturity Date	Principal Amount*	Market Value (Expressed in U.S. $)
Colombia (continued)					
Empresas Publicas de Medellin ESP: (continued)					
	COP	8.375%	02/01/2021	1,030,000,000	$ 568,001(1)
Millicom International Cellular SA	USD	6.625%	10/15/2021	1,458,000	1,598,333(1)
Pacific Rubiales Energy Corp.	USD	5.125%	03/28/2023	2,127,000	2,156,246(1)
					5,115,578
Guatemala - 0.68%					
Comcel Trust	USD	6.875%	02/06/2024	2,000,000	2,210,000(1)
India - 1.89%					
Bharti Airtel International Netherlands BV	USD	5.125%	03/11/2023	1,300,000	1,383,928(1)
ICICI Bank Ltd.	USD	6.375%	04/30/2022	1,500,000	1,556,250(4)(8)
Vedanta Resources PLC:					
	USD	6.000%	01/31/2019	1,000,000	1,045,000(1)
	USD	8.250%	06/07/2021	1,400,000	1,580,250(1)
	USD	7.125%	05/31/2023	500,000	531,250(1)
					6,096,678
Indonesia - 1.39%					
Listrindo Capital BV	USD	6.950%	02/21/2019	1,000,000	1,075,000(1)
Pertamina Persero PT	USD	4.300%	05/20/2023	1,857,000	1,827,288(1)(2)
PT Adaro Indonesia	USD	7.625%	10/22/2019	1,535,000	1,600,237(4)
					4,502,525
Israel - 0.84%					
B Communications Ltd.	USD	7.375%	02/15/2021	2,539,000	2,704,035(1)
Jamaica - 0.10%					
Digicel Group Ltd.	USD	8.250%	09/30/2020	312,000	336,180(1)
Kazakhstan - 1.42%					
KazMunayGas National Co. JSC	USD	5.750%	04/30/2043	584,000	579,331(1)
Zhaikmunai LP	USD	7.125%	11/13/2019	3,700,000	4,009,875(1)(2)
					4,589,206
Luxembourg - 1.09%					

Puma International Financing SA	USD	6.750%	02/01/2021	3,393,000	3,507,514[(1)]
Macau - 0.16%					
MCE Finance Ltd.	USD	5.000%	02/15/2021	500,000	507,500[(1)]
Mexico - 5.09%					
America Movil SAB de CV	MXN	6.000%	06/09/2019	85,000,000	6,657,908
Cemex Finance LLC	USD	9.375%	10/12/2022	2,000,000	2,355,000[(1)]
Cemex SAB de CV:					
	USD	9.000%	01/11/2018	146,000	155,855[(4)]
	USD	9.000%	01/11/2018	224,000	239,120([1])
	USD	9.500%	06/15/2018	2,000,000	2,270,000[(1)]
Metalsa SAB de CV	USD	4.900%	04/24/2023	2,268,000	2,222,640[(1)]
Mexichem SAB de CV	USD	6.750%	09/19/2042	2,250,000	2,508,750[(1)]
					16,409,273
Nigeria - 0.85%					
Afren PLC	USD	10.250%	04/08/2019	2,559,000	2,738,130[(1)]

	Currency	Rate	Maturity Date	Principal Amount*	Market Value (Expressed in U.S. $)
Peru - 2.65%					
Cia Minera Ares SAC	USD	7.750%	01/23/2021	2,000,000	$ 2,172,500(1)
Inkia Energy Ltd.	USD	8.375%	04/04/2021	3,000,000	3,300,000(1)(2)
Southern Copper Corp.	USD	6.750%	04/16/2040	2,500,000	2,912,375
Volcan Cia Minera SAA	USD	5.375%	02/02/2022	157,000	160,611(1)
					8,545,486
Russia - 3.43%					
Alfa Bank OJSC Via Alfa Bond Issuance PLC	USD	7.500%	09/26/2019	2,750,000	2,670,662(1)(2)
Evraz Group SA	USD	6.750%	04/27/2018	2,000,000	1,890,000(1)
Severstal OAO Via Steel Capital SA	USD	5.900%	10/17/2022	1,955,000	1,901,238(1)
Vimpel Communications Holdings BV:					
	USD	5.200%	02/13/2019	900,000	864,000(1)
	USD	7.504%	03/01/2022	1,701,000	1,718,010(4)
Vimpel Communications Via VIP Finance Ireland Ltd. OJSC	USD	7.748%	02/02/2021	2,000,000	2,040,000(4)
					11,083,910
Trinidad - 0.77%					
Columbus International Inc.	USD	7.375%	03/30/2021	2,300,000	2,495,500(1)
Ukraine - 0.95%					
National JSC Naftogaz of Ukraine	USD	9.500%	09/30/2014	3,170,000	3,066,975(2)
Venezuela - 18.55%					
Petroleos de Venezuela SA:					
	USD	5.250%	04/12/2017	18,974,000	15,321,505(2)(4)
	USD	8.500%	11/02/2017	11,173,000	10,052,907(2)(4)
	USD	6.000%	05/16/2024	25,120,722	14,784,047(2)(4)
	USD	6.000%	11/15/2026	18,920,823	10,832,171(2)(4)
	USD	5.375%	04/12/2027	636,100	356,534
	USD	9.750%	05/17/2035	11,383,584	8,492,154(2)(4)
					59,839,318
TOTAL CORPORATE BONDS (Cost $158,241,026)					157,362,573

CREDIT LINKED NOTES - 5.91%

Indonesia - 3.19%					
Republic of Indonesia:					
Deutsche Bank AG London	IDR	7.000%	05/17/2022	86,600,000,000	6,924,299
Deutsche Bank AG London	IDR	5.625%	05/17/2023	46,600,000,000	3,366,275
					10,290,574
Iraq - 2.72%					
Republic of Iraq					
Bank of America - Merrill Lynch	JPY	2.765%	01/01/2028	1,332,720,773	8,774,220(8)
TOTAL CREDIT LINKED NOTES					19,064,794
(Cost $24,734,127)					

	Currency	Rate	Maturity Date	Shares*	Market Value (Expressed in U.S. $)
SHORT TERM INVESTMENTS - 0.90%					
Money Market Mutual Funds - 0.90%					
Dreyfus Treasury Prime Cash Advantage Fund - Institutional Advantage Shares (7-Day Yield)	USD	0.00004%	N/A	2,895,764	$ 2,895,764
TOTAL SHORT TERM INVESTMENTS					2,895,764
(Cost $2,895,764)					
Total Investments - 141.45% (Cost $477,787,372)					456,378,402
Liabilities in Excess of Other Assets - (41.45)%					(133,742,487)
Net Assets - 100.00%					$ 322,635,915

** The principal amount/shares of each security is stated in the currency in which the security is denominated.*

Currency Abbreviations:

BRL	-	Brazilian Real
COP	-	Colombian Peso
GBP	-	Great Britain Pound
IDR	-	Indonesian Rupiah
JPY	-	Japanese Yen
MXN	-	Mexican Peso
NGN	-	Nigerian Naira
TRY	-	New Turkish Lira
USD	-	United States Dollar
ZAR	-	South African Rand

(1) *Security exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may normally be sold to qualified institutional buyers in transactions exempt from registration. Total market value of Rule 144A securities amounts to $89,019,718, which represents approximately 27.59% of net assets as of August 31, 2014.*

(2) *On August 31, 2014, securities valued at $171,852,109 were pledged as collateral for reverse repurchase agreements.*

(3) *Security is in default and therefore is non-income producing.*

(4) *Securities were originally issued pursuant to Regulation S under the Securities Act of 1933, which exempts securities offered and sold outside of the United States from registration. Such securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or*

pursuant to an exemption from registration. As of August 31, 2014, the aggregate market value of those securities was $148,470,085, which represents approximately 46.02% of net assets.

(5) *Issued with a zero coupon. Income is recognized through the accretion of discount.*

(6) *Step bond. Coupon increases periodically based upon a predetermined schedule. Interest rate disclosed is that which is in effect as of August 31, 2014.*

(7) *Bank loans generally pay interest at rates which are periodically determined by reference to a base lending rate plus a premium. All loans carry a variable rate of interest. These base lending rates are generally (i) the Prime Rate offered by one or more major United States banks, (ii) the lending rate offered by one or more European banks such as the London Interbank Offered Rate (LIBOR) or (iii) the Certificate of Deposit rate. Rate shown represents the weighted average rate at August 31, 2014. Bank loans, while exempt from registration, under the Securities Act of 1933, contain certain restrictions on resale and cannot be sold publicly. Floating rate bank loans often require prepayments from excess cash flow or permit the borrower to repay at its election. The degree to which borrowers repay, whether as a contractual requirement or at their election, cannot be predicted with accuracy. As a result, the actual remaining maturity may be substantially less than the stated maturity shown.*

(8) *Floating or variable rate security. Interest rate disclosed is that which is in effect as of August 31, 2014.*

Common Abbreviations:

BV	-	Besloten Vennootschap is the Dutch term for private limited liability company.
ESP	-	Empresa de Servicios Publicos is the Colombian term for Public Service Company.
GmbH	-	Gesellschaft mit beschrankter Haftung is the German term for a company wtih limited liability.
JSC	-	Joint Stock Company.
LLC	-	Limited Liability Company.
LP	-	Limited Partnership.
Ltd.	-	Limited.
OAO	-	Otkrytoe Aktsionernoe Obschestvo is the Russian term for Open Joint Stock Company.
OJSC	-	Open Joint Stock Company.
PLC	-	Public Limited Company.
PT	-	Perseroan terbuka is an Indonesian term for limited liability company.
SA	-	Generally designates corporations in various countries, mostly those employing the civil law.
SAA	-	Sociedad Anonima Abierta is the Peruvian term used for companies with 20 or more shareholders.
SAB de CV	-	A variable capital company.
SAC	-	Sociedad Anonima Abierta is the Peruvian term used for a publicly traded corporation.
Tbk	-	Terbuka is the Indonesian term for limited liability company.

See Notes to Quarterly Statement of Investments

OUTSTANDING FORWARD FOREIGN CURRENCY CONTRACTS

Counterparty	Foreign Currency	Contracted Amount**	Purchase/Sale Contract	Settlement Date	Current Value	Unrealized Appreciation/ (Depreciation)
Citigroup Global Markets	BRL	114,348,726	Purchase	09/03/2014	$ 51,009,500	$ 475,859
J.P. Morgan Chase & Co.	GBP	2,019,100	Sale	09/30/2014	3,351,122	46,650
J.P. Morgan Chase & Co.	JPY	909,506,000	Sale	09/30/2014	8,743,603	111,183
						$ 633,692
Citigroup Global Markets	BRL	114,348,726	Sale	09/03/2014	$ 51,009,501	$ (564,501)
Citigroup Global Markets	BRL	76,035,626	Sale	10/02/2014	33,643,164	(187,087)
J.P. Morgan Chase & Co.	GBP	2,019,100	Purchase	09/30/2014	3,351,122	(16,646)
						$ (768,234)

*** The contracted amount is stated in the currency in which the contract is denominated.*

REVERSE REPURCHASE AGREEMENTS

Counterparty	Interest Rate	Acquisition Date		Value
Credit Suisse First Boston	0.750%	05/16/2013	$	8,871,370
Credit Suisse First Boston	0.750%	06/06/2013		3,644,843
Credit Suisse First Boston	0.750%	07/18/2013		3,985,500
Credit Suisse First Boston	0.250%	01/08/2014		1,734,800
Credit Suisse First Boston	0.450%	01/16/2014		6,740,050
Credit Suisse First Boston	0.750%	01/22/2014		6,853,052
Credit Suisse First Boston	0.350%	02/10/2014		1,776,800
Credit Suisse First Boston	0.500%	02/10/2014		1,912,600
Credit Suisse First Boston	0.750%	02/19/2014		1,680,725
Credit Suisse First Boston	(0.350)%	05/09/2014		983,088
Credit Suisse First Boston	0.650%	06/18/2014		1,616,250
Credit Suisse First Boston	0.650%	06/19/2014		1,293,000
Credit Suisse First Boston	0.000%	07/14/2014		5,520,000
Credit Suisse First Boston	0.750%	07/18/2014		13,041,000
J.P. Morgan Chase & Co.	0.350%	06/25/2014		2,714,794
J.P. Morgan Chase & Co.	0.400%	06/25/2014		3,471,760
J.P. Morgan Chase & Co.	0.100%	06/25/2014		1,415,388
J.P. Morgan Chase & Co.	0.650%	06/25/2014		3,867,184
J.P. Morgan Chase & Co.	0.750%	06/25/2014		17,687,037
J.P. Morgan Chase & Co.	0.150%	06/25/2014		1,112,239
J.P. Morgan Chase & Co.	0.250%	06/25/2014		8,964,969
J.P. Morgan Chase & Co.	0.500%	06/25/2014		2,117,780
J.P. Morgan Chase & Co.	0.000%	06/25/2014		2,694,314
J.P. Morgan Chase & Co.	0.350%	07/10/2014		2,782,289
J.P. Morgan Chase & Co.	0.750%	07/17/2014		8,544,384
J.P. Morgan Chase & Co.	0.850%	07/17/2014		10,066,629
J.P. Morgan Chase & Co.	0.000%	08/07/2014		4,878,150
J.P. Morgan Chase & Co.	0.250%	08/08/2014		6,487,200
Nomura Securities	0.250%	07/28/2014		443,625
Nomura Securities	(1.500)%	08/21/2014		1,574,449
Nomura Securities	0.150%	08/21/2014		1,417,500
Nomura Securities	0.150%	08/22/2014		1,466,400
Nomura Securities	0.250%	08/26/2014		2,047,500
			$	143,406,669

All agreements can be terminated by either party on demand at value plus accrued interest.

Stone Harbor Emerging Markets Income Fund **Notes to Statement of Investments**
August 31, 2014 (Unaudited)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Stone Harbor Emerging Markets Income Fund (the Fund) is a closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act).The Fund is organized as a Massachusetts business trust pursuant to an Agreement and Declaration of Trust governed by the laws of The Commonwealth of Massachusetts (the Declaration of Trust). The Fund commenced operations on December 22, 2010. Prior to that, the Fund had no operations other than matters relating to its organization and the sale and issuance of 4,188 shares of beneficial interest (Common Shares) in the Fund to the Stone Harbor Investment Partners LP (the Adviser or Stone Harbor) at a price of $23.88 per share. The Fund s common shares are listed on the New York Stock Exchange (the Exchange) and trade under the ticker symbol EDF.

The Fund s primary investment objective is to maximize total return, which consists of income on its investments and capital appreciation. The Fund will normally invest at least 80% of its net assets (plus any borrowings made for investment purposes) in emerging markets securities. Emerging markets securities include fixed income securities and other instruments (including derivatives) that are economically tied to emerging market countries, that are denominated in the predominant currency of the local market of an emerging market country or whose performance is linked to those countries markets, currencies, economies or ability to repay loans. A security or instrument is economically tied to an emerging market country if it is principally traded on the country s securities markets or if the issuer is organized or principally operates in the country, derives a majority of its income from its operations within the country or has a majority of its assets within the country.

The Fund is classified as non-diversified under the 1940 Act. As a result, it can invest a greater portion of its assets in obligations of a single issuer than a diversified fund. The Fund may therefore be more susceptible than a diversified fund to being adversely affected by any single corporate, economic, political or regulatory occurrence.

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its Statement of Investments. The policies are in conformity with generally accepted accounting principles in the United States of America (GAAP), which requires management to make estimates and assumptions that affect the reported amounts of the date of the Statement of Investments. Actual results could differ from those estimates.

Investment Valuation: Debt securities, including bank loans and linked notes, are generally valued at the mean between the bid and asked prices provided by independent pricing services or brokers that are based on transactions in debt obligations, quotations from dealers, market transactions in comparable securities and various other relationships between securities. Credit default swaps are priced by an independent pricing service based off of the underlying terms of the swap. Equity securities for which market quotations are available are generally valued at the last sale price or official closing price on the primary market or exchange on which they trade. Publicly traded foreign government debt securities are typically traded internationally in the over-the-counter market and are valued at the mean between the bid and asked prices as of the close of business of that market. When prices are not readily available, or are determined not to reflect fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund may value these investments at fair value as determined in accordance with the procedures approved by the Fund s Board of Trustees (the Board). Short-term obligations with maturities of 60 days or less are valued at amortized cost, which approximates market value. Money market mutual funds are valued at their net asset value. Foreign Currency positions including forward currency contracts are priced at the mean between the closing bid and asked prices at 4:00 p.m. Eastern time.

A three-tier hierarchy has been established to measure fair value based on the extent of use of observable inputs as compared to unobservable inputs for disclosure purposes and requires additional disclosures about these valuations measurements. Inputs refer broadly to the assumptions that market participants would use in pricing a security. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the security developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity s own assumptions about the assumptions market participants would use in pricing the security developed based on the best information available in the circumstances.

The three-tier hierarchy is summarized as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level 2 Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund s own assumptions about the assumptions a market participant would use in valuing the asset or liability and would be based on the best information available.

The following is a summary of the Fund s investment and financial instruments based on the three-tier hierarchy as of August 31, 2014:

Investments in Securities at Value*	Level 1 - Quoted and Unadjusted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Sovereign Debt Obligations	$	$ 276,049,001	$	$ 276,049,001
Bank Loans			1,006,270	1,006,270
Corporate Bonds		157,362,573		157,362,573
Credit Linked Notes				
Iraq			8,774,220	8,774,220
Other		10,290,574		10,290,574
Short Term Investments	2,895,764			2,895,764
Total	$ 2,895,764	$ 443,702,148	$ 9,780,490	$ 456,378,402
Other Financial Instruments**				
Assets				
Forward Foreign Currency Contracts	$	$ 633,692	$	$ 633,692
Liabilities				
Forward Foreign Currency Contracts		(768,234)		(768,234)
Total	$	$ (134,542)	$	$ (134,542)

There were no transfers between Levels 1 and 2 during the period. It is the Fund s policy to recognize transfers into and out of all levels at the end of the reporting period.

The following is a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value:

Investments in Securities	Balance as of November 30, 2013	Accrued discount/ premium	Realized Gain/(Loss)	Change in Unrealized Appreciation/ (Depreciation)	Purchases	Sales Proceeds	Balance as of August 31, 2014	Net change in unrealized appreciation/

								(depreciation) attributable to Level 3 investments held at August 31, 2014
Bank Loans	$ 1,672,087	$	$ (1,411,886)	$ 2,508,120	$ 1,066,270	$ (2,768,321)	$ 1,006,270	$
Credit Linked Notes	8,133,311	122,680	62,977	1,458,950		(1,003,698)	8,774,220	1,458,950
TOTAL	$ 9,805,398	$ 122,680	$ (1,348,909)	$ 3,967,070	$ 1,066,270	$ (3,772,019)	$ 9,780,490	$ 1,458,950

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

In the event a Board approved independent pricing service is unable to provide an evaluated price for a security or the Adviser believes the price provided is not reliable, securities of the Fund may be valued at fair value as described above. In these instances the Adviser may seek to find an alternative independent source, such as a broker/dealer to provide a price quote, or by using evaluated pricing models similar to the techniques and models used by the independent pricing service. These fair value measurement techniques may utilize unobservable inputs (Level 3).

On at least a quarterly basis, the Adviser presents the factors considered in determining the fair value measurements and presents that information to the Board which meets at least quarterly.

The table below provides additional information about the Level 3 Fair Value Measurements as of August 31, 2014:

	Fair Value at August 31, 2014	**Valuation Methodology**	**Unobservable Inputs**	**Range of Inputs**
Stone Harbor Emerging Markets Income Fund				
Bank Loans	$ 1,006,270	Broker Quote	Broker Quote	N/A
Credit Linked Notes	8,774,220	Broker Quote	Broker Quote	N/A
TOTAL	$ 9,780,490			

Security Transactions and Investment Income: Security transactions are accounted for on a trade date basis. Interest income, adjusted for amortization of premium and accretion of discount, is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date. Foreign dividend income is recorded on the ex-dividend date or as soon as practical after the Fund determines the existence of a dividend declaration after exercising reasonable due diligence. If applicable, any foreign capital gains taxes are accrued, net of unrealized gains, and are payable upon the sale of such investments. The cost of investments sold is determined by use of the specific identification method. To the extent any issuer defaults on an expected interest payment, the Fund s policy is to generally halt any additional interest income accruals and consider the realizability of interest accrued up to the date of default.

Foreign Currency Translation: The books and records of the Fund are maintained in U.S. dollars. Investment valuations and other assets and liabilities initially expressed in foreign currencies are converted each business day into U.S. dollars based upon current exchange rates. Prevailing foreign exchange rates may generally be obtained at the close of the NYSE (normally, 4:00 p.m. Eastern time).

The portion of realized and unrealized gains or losses on investments due to fluctuations in foreign currency exchange rates is not separately disclosed and is included in realized and unrealized gains or losses on investments, when applicable.

Foreign Securities: The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the ability to repatriate funds, less complete financial information about companies and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers.

Segregation and Collateralization: In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission (SEC) require that the Fund either delivers collateral or segregate assets in connection with certain investments (e.g., foreign currency exchange contracts, securities with extended settlement periods, and swaps) or certain borrowings (e.g., reverse repurchase agreements), the Fund will segregate collateral or designate on its books and records cash or other liquid securities having a value at least equal to the amount that is required to be physically segregated for the benefit of the counterparty. Furthermore, based on requirements and agreements with certain exchanges and third party broker-dealers, each party has requirements to deliver/deposit cash or securities as collateral for certain investments. Cash collateral that has been pledged to cover obligations of the Fund is noted on the Statement of Investments.

Credit Linked Notes: The Fund may invest in credit linked notes to obtain economic exposure to high yield, emerging markets or other securities. Investments in a credit linked note typically provide the holder with a return based on the return of an underlying reference instrument, such as an emerging market bond. Like an investment in a bond, investments in credit linked securities represent the right to receive periodic income payments (in the form of distributions) and payment of principal at the end of the term of the security. In addition to the risks associated with the underlying reference instrument, an investment in a credit linked note is also subject to the risk that the counterparty will be unwilling or unable to meet its obligations under the note.

Leverage: The Fund may borrow from banks and other financial institutions and may also borrow additional funds by entering into reverse repurchase agreements or the issuance of debt securities (collectively, Borrowings) in an amount that does not exceed 33 1/3% of the Fund s total assets (including any assets attributable to any leverage used) minus the Fund s accrued liabilities (other than Fund liabilities incurred for any leverage) (Total Assets) immediately after such transactions. It is possible that following such Borrowings, the assets of the Fund will decline due to market conditions such that this 33 1/3% limit will be exceeded. In that case, the leverage risk to Common Shareholders will increase.

In a reverse repurchase agreement, the Fund sells to a financial institution a security that it holds with an agreement to repurchase the same security at an agreed-upon price and date. A reverse repurchase agreement involves the risk that the market value of the security sold by the Fund may decline below the repurchase price of the security. The Fund will segregate assets determined to be liquid by the Adviser or otherwise cover its obligations under reverse repurchase agreements. Due to the short term nature of the reverse repurchase agreements, face value approximates fair value at August 31, 2014. This fair value is based on Level 2 inputs under the three-tier fair valuation hierarchy described above. For the nine months ended August 31, 2014, the average amount of reverse repurchase agreements outstanding was $134,030,141 at a weighted average interest rate of 0.50%.

Loan Participations and Assignments: The Fund may invest in loans arranged through private negotiation between one or more financial institutions. The Fund s investment in any such loan may be in the form of a participation in or an assignment of the loan. In connection with purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, or any rights of set-off against the borrower, and the Fund may not benefit directly from any collateral supporting the loan in which it has purchased the participation.

The Fund assumes the credit risk of the borrower, the lender that is selling the participation and any other persons interpositioned between the Fund and the borrower. In the event of the insolvency of the lender selling the participation, the Fund may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower.

Leverage Risk: Leverage creates risks for Common Shareholders, including the likelihood of greater volatility of NAV per share and market price of, and dividends paid on, the Common Shares. There is a risk that fluctuations in the interest rates on any Borrowings held by the Fund may adversely affect the return to the Common Shareholders. If the income from the securities purchased with the proceeds of leverage is not sufficient to cover the cost of leverage, the return on the Fund will be less than if leverage had not been used, and therefore the amount available for distribution to the Common Shareholders as dividends and other distributions will be reduced.

The Fund may choose not to use leverage at all times. The amount and composition of leverage used may vary depending upon a number of factors, including economic and market conditions in the relevant emerging market countries, the availability of relatively attractive investment opportunities not requiring leverage and the costs and risks that the Fund would incur as a result of leverage.

Credit and Market Risk: The Fund invests in high yield and emerging market instruments that are subject to certain credit and market risks. The yields of high yield and emerging market debt obligations reflect, among other things, perceived credit and market risks. The Fund s investment in securities rated below investment grade typically involves risks not associated with higher rated securities including, among others, greater risk related to timely and ultimate payment of interest and principal, greater market price volatility and less liquid secondary market trading. The consequences of political, social, economic or diplomatic changes may have disruptive effects on the market prices of investments held by the Fund. The Fund s investment in non-dollar denominated securities may also result in foreign currency losses caused by devaluations and exchange rate fluctuations. Investments in derivatives are also subject to credit and market risks.

2. DERIVATIVE INSTRUMENTS

Risk Exposure and the Use of Derivative Instruments: The Fund s investment objectives not only permit the Fund to purchase investment securities, they also allow the Fund to enter in various types of derivatives contracts. In doing so, the Fund will employ strategies in differing combinations to permit it to increase, decrease or change the level or types of exposure to market factors. Central to those strategies are features inherent to derivatives that may make them more attractive for this purpose than equity or debt securities: they require little or no initial cash investment; they can focus exposure on only certain selected risk factors; and they may not require the ultimate receipt or delivery of the underlying security (or securities) to the contract. This may allow the Fund to pursue its objectives more quickly and efficiently than if the Fund were to make direct purchases or sales of securities capable of effecting a similar response to market factors.

Market Risk Factors: In pursuit of its investment objectives, the Fund may seek to use derivatives to increase or decrease its exposure to the following market risk factors, among others:

Interest Rate Risk. Interest rate risk refers to the fluctuations in value of fixed-income securities resulting from the inverse relationship between price and yield. For example, an increase in general interest rates will tend to reduce the value of already issued fixed-income investments, and a decline in general interest rates will tend to increase their value. In addition, debt securities with longer maturities that tend to have higher yields are subject to potentially greater fluctuations in value from changes in interest rates than obligations with shorter maturities.

Credit Risk. Credit risk relates to the ability of the issuer to meet interest and principal payments, or both, as they come due. In general, lower-grade, higher-yield bonds are subject to credit risk to a greater extent than lower-yield, higher-grade bonds.

Foreign Exchange Rate Risk. Foreign exchange rate risk relates to the change in the U.S. dollar value of a security held that is denominated in a foreign currency. The U.S. dollar value of a foreign currency denominated security will decrease as the dollar appreciates against the currency, while the U.S. dollar value will increase as the dollar depreciates against the currency.

Equity Risk. Equity risk relates to the change in value of equity securities as they relate to increases or decreases in the general market.

The Fund s use of derivatives can result in losses due to unanticipated changes in these risk factors and the overall market. In instances where the Fund is using derivatives to decrease, or hedge, exposures to market risk factors for securities held by the Fund, there are also risks that those derivatives may not perform as expected resulting in losses for the combined or hedged positions.

Derivatives may have little or no initial cash investment relative to their market value exposure and therefore can produce significant gains or losses in excess of their cost. This use of embedded leverage allows the Fund to increase its market value exposure relative to it net assets and can substantially increase the volatility of the Fund s performance.

Additional associated risks from investing in derivatives also exist and potentially could have significant effects on the valuation of the derivative and the Fund. Typically, the associated risks are not the risks that the Fund is attempting to increase or decrease exposure to, per its investment objectives, but are the additional risks from investing in derivatives.

Examples of these associated risks are liquidity risk, which is the risk that the Fund will not be able to sell or close out the derivative in a timely manner, and counterparty credit risk, which is the risk that the counterparty will not fulfill its obligation to the Fund. Associated risks can be different for each type of derivative and are discussed by each derivative type below and in the notes that follow.

Forward Foreign Currency Contracts: The Fund may engage in currency transactions with counterparties to hedge the value of portfolio securities denominated in particular currencies against fluctuations in relative value, to gain or reduce exposure to certain currencies or to generate income or gains. A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set price on a future date. The contract is marked-to-market daily, and the change in value is recorded by the Fund as an unrealized gain or loss. When a forward foreign currency contract is extinguished, through either delivery or offset by entering into another forward foreign currency contract, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at the time it was extinguished.

Credit Default Swap Contracts: The Fund may enter into credit default swap contracts for hedging purposes to gain market exposure or to add leverage to its portfolio. When used for hedging purposes, the Fund would be the buyer of a credit default swap contract. In that case, the Fund would be entitled to receive the par (or other agreed upon) value of a referenced debt obligation, index or other investment from the counterparty to the contract in the event of a default by a third party, such as a U.S. or foreign issuer, on the referenced debt obligation. In return, the Fund would pay to the counterparty a periodic stream of payments over the term of the contract provided that no event of default has occurred. If no event of default occurs, the Fund would have spent the stream of payments and received no benefit from the contract. When the Fund is the seller of a credit default swap contract, it receives the stream of payments but is obligated to pay upon default of the referenced debt obligation. As the seller, the Fund would effectively add leverage to its portfolio because, in addition to its total assets, the Fund would be subject to investment exposure on the notional amount of the swap.

In addition to the risks applicable to derivatives generally, credit default swaps involve special risks because they are difficult to value, are highly susceptible to liquidity and credit risk and generally pay a return to the counterparty in the event of an actual default by the issuer of the underlying obligation, as opposed to a credit downgrade or other indication of financial difficulty.

3. UNREALIZED APPRECIATION AND DEPRECIATION ON INVESTMENTS (TAX BASIS)

At August 31, 2014 the aggregate gross unrealized appreciation and depreciation of investments for federal income purposes were as follows:

Stone Harbor Emerging Markets Income Fund		
Gross appreciation on investments (excess of value over tax cost)	$	9,574,742
Gross depreciation on investments (excess of tax cost over value)		(31,083,028)
Net unrealized depreciation	$	(21,508,286)
Cost of investments for income tax purposes	$	477,886,688

Item 2. Controls and Procedures.

(a) The registrant s principal executive officer and principal financial officer have concluded that the registrant s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended) are effective as of a date within 90 days of the filing date of this Report.

(b) There was no change in the registrant s internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940, as amended) during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant s internal control over financial reporting.

Item 3. Exhibits.

Separate certifications for the registrant s principal executive officer and principal financial officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and Rule 30a-2(a) under the Investment Company Act of 1940, are attached as Exhibit 99.CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Stone Harbor Emerging Markets Income

Fund

By: /s/ Peter J. Wilby
Peter J. Wilby
President and Chief Executive

Officer/Principal Executive Officer

Date: October 29, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Peter J. Wilby
Peter J. Wilby
President and Chief Executive

Officer/Principal Executive Officer

Date: October 29, 2014

By: /s/ Thomas M. Reynolds
Thomas M. Reynolds
Principal Financial

Officer/Principal Accounting

Officer

Date: October 29, 2014

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Nine Months Ended September 30, 2011

Millions of dollars

Gain (Loss)
Recognized
in AOCI Gain (Loss)
Reclassified
from AOCI
to Income Additional
Gain (Loss)
Recognized
in Income

Income Statement

Classification

Derivatives not designated as hedges:

Other income

Warrants

$- - $- - $(31) (expense), net

Commodities

- - - - 39 Cost of sales Other income

Foreign currency

- - - - (2) (expense), net

$- - $- - $6

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LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Fair Value Measurement

The following table presents the derivative financial instruments outstanding as of September 30, 2012 and December 31, 2011 that are measured at fair value on a recurring basis.

	September 30, 2012			
Millions of dollars	Fair Value	Level 1	Level 2	Level 3
Assets				
Derivatives:				
Commodities	$ 5	$ - -	$ 5	$ - -
	$ 5	$ - -	$ 5	$ - -
Liabilities				
Derivatives:				
Commodities	$ 47	$ - -	$ 47	$ - -
Warrants	4	- -	4	- -
Foreign currency	2	- -	2	- -
	$ 53	$ - -	$ 53	$ - -

	December 31, 2011			
	Fair Value	Level 1	Level 2	Level 3
Assets				
Derivatives:				
Commodities	$ 13	$ - -	$ 13	$ - -
	$ 13	$ - -	$ 13	$ - -
Liabilities				
Derivatives:				
Commodities	$ 1	$ - -	$ 1	$ - -
Warrants	19	- -	19	- -
Foreign currency	12	- -	12	- -
	$ 32	$ - -	$ 32	$ - -

The fair value of all non-derivative financial instruments included in current assets, including cash and cash equivalents, restricted cash and accounts receivable, short-term debt and accounts payable, approximated the applicable carrying value due to the short maturity of those instruments.

There were no financial instruments measured on a recurring basis using Level 3 inputs during the nine months ended September 30, 2012.

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LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The carrying value and the estimated fair value of our non-derivative financial instruments are shown in the table below:

	September 30, 2012		December 31, 2011	
Millions of dollars	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Short-term and long-term debt, including current maturities	$ 4,346	$ 4,871	$ 4,026	$ 4,294

The following table presents short and long-term debt at fair value which are recorded at historical cost or amortized cost in the Consolidated Balance Sheets. The carrying and fair value of long-term debt excludes capital leases.

	September 30, 2012				
Millions of dollars	**Carrying Value**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Short-term debt	$ 46	$ 46	$ - -	$ 9	$ 37
Long-term debt	4,300	4,825	- -	4,825	- -
Short-term and long-term debt, including current maturities	$ 4,346	$ 4,871	$ - -	$ 4,834	$ 37

	December 31, 2011				
Millions of dollars	**Carrying Value**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Short-term debt	$ 48	$ 48	$ - -	$ 10	$ 38
Long-term debt	3,978	4,246	- -	4,243	3
Short-term and long-term debt, including current maturities	$ 4,026	$ 4,294	$ - -	$ 4,253	$ 41

For assets and liabilities classified as Level 2, fair value is based on broker quotes obtained from well established and recognized vendors of market data for debt and commodity valuations.

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LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Pension and Other Post-retirement Benefits

Net periodic pension benefits included the following cost components:

	U.S. Plans			
	Three Months Ended September 30,		Nine Months Ended September 30,	
Millions of dollars	2012	2011	2012	2011
Service cost	$ 11	$ 10	$ 34	$ 30
Interest cost	20	23	59	68
Expected return on plan assets	(30)	(27)	(89)	(79)
Amortization	7	- -	17	- -
Net periodic benefit costs	$ 8	$ 6	$ 21	$ 19

	Non-U.S. Plans			
	Three Months Ended September 30,		Nine Months Ended September 30,	
Millions of dollars	2012	2011	2012	2011
Service cost	$ 7	$ 9	$ 24	$ 30
Interest cost	12	13	37	42
Expected return on plan assets	(6)	(8)	(19)	(31)
Settlement and curtailment loss	- -	(2)	- -	4
Amortization	1	1	2	3
Net periodic benefit costs	$ 14	$ 13	$ 44	$ 48

Net periodic other post-retirement benefits included the following cost components:

	U.S. Plans			
	Three Months Ended September 30,		Nine Months Ended September 30,	
Millions of dollars	2012	2011	2012	2011
Service cost	$ 2	$ 1	$ 4	$ 6
Interest cost	3	4	10	12
Amortization	- -	- -	1	- -
Net periodic benefit costs	$ 5	$ 5	$ 15	$ 18

Non-U.S. Plans

Millions of dollars	Three Months Ended September 30, 2012	2011	Nine Months Ended September 30, 2012	2011
Service cost	$ - -	$ 2	$ - -	$ 7
Net periodic benefit costs	$ - -	$ 2	$ - -	$ 7

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LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company contributed $133 million to its pension plans during the nine months ended September 30, 2012, which consisted of $93 million and $40 million to its U.S. and non-U.S. pension plans, respectively.

13. Income Taxes

The effective tax rate for the third quarter of 2012 was 33.8% compared with 35.7% for the third quarter of 2011. The effective tax rate for the first nine months of 2012 was 32.0% compared with 32.1% for the first nine months of 2011. Our effective tax rate fluctuates based on, among other factors, pretax income in countries with varying statutory tax rates, nontaxable income related to joint venture equity earnings, notional royalties, the U.S. domestic production activity deduction, changes in valuation allowance and changes in unrecognized tax benefits. Compared with the third quarter of 2011, the effective tax rate for the third quarter of 2012 was lower due to valuation allowance releases, partially offset with a reduction of unrecognized tax benefits in the prior year. The effective tax rate for the first nine months of 2012 was comparable with the effective tax rate for the first nine months of 2011.

We previously disclosed that the IRS was examining whether LyondellBasell N.V. should be treated as a U.S. corporation for U.S. federal income tax purposes under Section 7874 of the Internal Revenue Code or whether certain other rules of that section alternatively applied. In October 2012, the Company and the IRS entered into a closing agreement concluding that Section 7874 does not apply.

14. 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. Management does not expect that any claims against or draws on these instruments would have a material adverse effect on our consolidated financial statements.

Environmental Remediation Our accrued liability for future environmental remediation costs at current and former plant sites and other remediation sites totaled $125 million and $120 million as of September 30, 2012 and December 31, 2011, respectively. At September 30, 2012, the accrued liabilities for individual sites range from less than $1 million to $22 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.

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LYONDELLBASELL INDUSTRIES N.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Millions of dollars	Nine Months Ended September 30, 2012	2011
Balance at beginning of period	$ 120	$ 107
Additional provisions	12	20
Amounts paid	(7)	(6)
Balance at end of period	$ 125	$ 121

Litigation and Other Matters

Access Indemnity Demand On December 20, 2010, one of our subsidiaries received demand letters from affiliates of Access Industries, (collectively, Access) a more than five percent shareholder of the Company. We conducted an initial investigation of the facts underlying the demand letters and engaged in discussions with Access. We requested that Access withdraw its demands with prejudice and on January 17, 2011, Access declined to withdraw the demands, with or without prejudice.

Specifically, Access affiliates Nell Limited (Nell) and BI S.á.r.l. (BI) have demanded that LyondellBasell Industries Holdings B.V. (LBIH), a wholly owned subsidiary of the Company, indemnify them and their shareholders, members, affiliates, officers, directors, employees and other related parties for all losses, including attorney s fees and expenses, arising out of 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 seek to recover damages from numerous parties, including Nell, Access and their affiliates. The damages sought from Nell, Access and their affiliates include, among other things, the return of all amounts earned by them related to their acquisition of shares of Lyondell Chemical prior to its acquisition by Basell AF S.C.A. in December 2007, distributions by Basell AF S.C.A. to its shareholders before it acquired Lyondell Chemical and management and transaction fees and expenses. The trial that was scheduled for October 2011 has been postponed.

Nell and BI have also demanded that LBIH pay $50 million in management fees for each of 2009 and 2010 and that LBIH pay other unspecified amounts relating to advice purportedly given, prior to the Predecessor company s chapter 11 filing, in connection with financing and other strategic transactions.

Nell and BI assert that LBIH s responsibility for indemnity and the claimed fees and expenses arise out of a management agreement entered into on December 11, 2007, between Nell and Basell AF S.C.A. They assert that LBIH, as a former subsidiary of Basell AF S.C.A., is jointly and severally liable for Basell AF S.C.A. s obligations under the agreement, notwithstanding that LBIH was not a signatory to the agreement and the liabilities of Basell AF S.C.A., which was a signatory, were discharged in the LyondellBasell bankruptcy proceedings.

On June 26, 2009, Nell filed a proof of claim in Bankruptcy Court against LyondellBasell AF (successor to Basell AF S.C.A.) seeking no less than $723,000 for amounts allegedly owed under the 2007 management agreement. On April 27, 2011, Lyondell Chemical filed an objection to Nell s claim and, together with LyondellBasell N.V. (successor to LyondellBasell AF) and LBIH, brought a declaratory judgment action in the Bankruptcy Court for a determination that Nell and BI s demands are not valid. By a Joint Stipulated Order dated June 13, 2011, the declaratory judgment action is stayed pending the outcome of the *Weisfelner* lawsuit.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We do not believe that the management agreement is in effect or that the Company, LBIH, or any other Company-affiliated entity owes any obligations under the management agreement. We intend to defend vigorously our position in any proceedings and against any claims or demands that may be asserted.

We cannot at this time estimate the reasonably possible loss or range of loss that Nell, Access, or their affiliates may incur as a result of the lawsuit; therefore, we cannot at this time estimate the reasonably possible loss or range of loss that Nell, Access, or their affiliates may seek from LBIH by way of indemnity.

Indemnification We are parties to various indemnification arrangements, including arrangements entered into in connection with acquisitions, divestitures and the formation 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 September 30, 2012, 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.

In addition, at the time of Basell s formation in 2005, the Company entered into agreements with Shell and BASF whereby they agreed to indemnify Basell and its successors for a significant portion of the potential obligations that could arise with respect to costs relating to contamination at various sites. These indemnity obligations are currently in dispute. Also, the agreements involving the purchase of the Berre cracker and Berre refinery include similar indemnities from Shell to Basell and its successors. These indemnity obligations are also currently in dispute.

As part of certain of our technology licensing contracts, we give indemnifications to various 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.

Other We previously identified an agreement related to a former project in Kazakhstan under which a payment was made that raises compliance concerns under the U.S. Foreign Corrupt Practices Act (the FCPA). We have engaged outside counsel to investigate these activities, under the oversight of the Audit Committee of the Supervisory Board, and to evaluate internal controls and compliance policies and procedures. In this respect, we may not have conducted business in compliance with the FCPA and may not have had policies and procedures in place adequate to ensure compliance. We made a voluntary disclosure of these matters to the U.S. Department of Justice and are cooperating fully with that agency. We cannot predict the ultimate outcome of these matters at this time since our investigations are ongoing. Therefore, we cannot reasonably estimate a range of liability for any potential penalty resulting from these matters. Violations of these laws could result in criminal and civil liabilities and other forms of relief that could be material to us.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Stockholders Equity

Dividend distribution The following table presents the dividends paid in the periods presented:

Millions of dollars, except per share amounts	Dividend Per Ordinary Share	Aggregate Dividends Paid	Date of Record
March 2012	$ 0.25	$ 143	March 12, 2012
June 2012	0.40	230	May 21, 2012
September 2012	0.40	230	September 4, 2012
	$ 1.05	$ 603	

Ordinary shares The changes in the outstanding amounts of ordinary shares issued were as follows:

	Nine Months Ended September 30, 2012	2011
Ordinary shares outstanding:		
Balance at beginning of period	573,390,514	565,676,222
Share-based compensation	1,169,884	401,479
Warrants exercised	620,520	7,179,416
Balance at end of period	575,180,918	573,257,117
Ordinary shares held as treasury shares:		
Balance at beginning of period	4,051,013	1,122,651
Warrants exercised	271,885	3,462,693
Share-based compensation	(1,169,884)	(400,934)
Balance at end of period	3,153,014	4,184,410
Ordinary shares issued at end of period	578,333,932	577,441,527

16. 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. We have unvested restricted stock and restricted stock units that are considered participating securities for earnings per share.

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

	Three Months Ended			
	September 30, 2012		September 30, 2011	
Millions of dollars	**Continuing Operations**	**Discontinued Operations**	**Continuing Operations**	**Discontinued Operations**
Basic:				
Net income (loss)	$ 851	$ (7)	$ 912	$ (17)
Net loss attributable to non-controlling interests	2	- -	- -	- -
Net income (loss) attributable to the Company shareholders	853	(7)	912	(17)
Net income attributable to participating securities	(4)	- -	(5)	- -
Net income (loss) attributable to ordinary shareholders	$ 849	$ (7)	$ 907	$ (17)
Diluted:				
Net income (loss)	$ 851	$ (7)	$ 912	$ (17)
Net loss attributable to non-controlling interests	2	- -	- -	- -
Net income (loss) attributable to the Company shareholders	853	(7)	912	(17)
Net income attributable to participating securities	(4)	- -	(5)	- -
Effect of dilutive securities warrants	- -	- -	(22)	- -
Net income (loss) attributable to ordinary shareholders	$ 849	$ (7)	$ 885	$ (17)
Millions of shares				
Basic weighted average common stock outstanding	573	573	570	570
Effect of dilutive securities:				
Warrants	- -	- -	2	2
MTI	1	1	- -	- -
Stock options	3	3	3	3
Potential dilutive shares	577	577	575	575
Earnings (loss) per share:				
Basic	$ 1.48	$ (0.01)	$ 1.59	$ (0.03)
Diluted	$ 1.47	$ (0.01)	$ 1.54	$ (0.03)
Millions of shares				
Anti-dilutive stock options and warrants	0.1	0.1	- -	- -
Participating securities	3.3	3.3	3.6	3.6

Dividends declared per share of common stock	$	0.40	$	- -	$	0.20	$	- -

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Nine Months Ended			
	September 30, 2012		September 30, 2011	
Millions of dollars	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations
Basic:				
Net income (loss)	$ 2,213	$ (2)	$ 2,445	$ (87)
Net loss attributable to non-controlling interests	5	- -	4	- -
Net income (loss) attributable to the Company shareholders	2,218	(2)	2,449	(87)
Net income attributable to participating securities	(10)	- -	(14)	- -
Net income (loss) attributable to ordinary shareholders	$ 2,208	$ (2)	$ 2,435	$ (87)
Diluted:				
Net income (loss)	$ 2,213	$ (2)	$ 2,445	$ (87)
Net loss attributable to non-controlling interests	5	- -	4	- -
Net income (loss) attributable to the Company shareholders	2,218	(2)	2,449	(87)
Net income attributable to participating securities	(10)	- -	(14)	- -
Net income (loss) attributable to ordinary shareholders	$ 2,208	$ (2)	$ 2,435	$ (87)
Millions of shares				
Basic weighted average common stock outstanding	573	573	567	567
Effect of dilutive securities:				
MTI	1	1	- -	- -
Stock options	3	3	3	3
Potential dilutive shares	577	577	570	570
Earnings (loss) per share:				
Basic	$ 3.85	$ - -	$ 4.29	$ (0.15)
Diluted	$ 3.83	$ - -	$ 4.27	$ (0.15)
Millions of shares				
Anti-dilutive stock options and warrants	0.2	0.2	0.9	0.9
Participating securities	3.3	3.3	3.6	3.6
Dividends declared per share of common stock	$ 1.05	$ - -	$ 0.30	$ - -

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Segment and Related Information

We operate in five business segments. The marketing of oxyfuels previously was aligned with the sale of products from the refining business, particularly related to the Berre refinery. However, with the closure of the Berre refinery, responsibility for business decisions relating to oxyfuels was moved to our Intermediates and Derivatives (I&D) business management function in the second quarter 2012, as the profits generated by oxyfuels products are related to sourcing decisions regarding certain co-products of propylene oxide production. As a result, the oxyfuels business is now reflected in our I&D segment. All comparable periods presented have been revised to reflect this change. Our five segments consist of the following:

Olefins and Polyolefins Americas (O&P Americas), primarily manufacturing and marketing of olefins, including ethylene and its co-products, primarily propylene, butadiene and aromatics, which include benzene and toluene; polyolefins, including polyethylene, comprising high density polyethylene (HDPE), low density polyethylene (LDPE) and linear low density polyethylene (LLDPE), and polypropylene; and *Catalloy* process resins;

Olefins and Polyolefins Europe, Asia and International (O&P EAI), primarily manufacturing and marketing of olefins, including ethylene and its co-products, primarily propylene and butadiene; polyolefins, including polyethylene, comprising HDPE, LDPE, LLDPE and polypropylene; polypropylene-based compounds, materials and alloys (PP compounds), *Catalloy* process resins and polybutene-1 polymers;

Intermediates and Derivatives (I&D), primarily manufacturing and marketing of propylene oxide (PO); PO co-products, including styrene and the TBA intermediates tertiary butyl alcohol (TBA), isobutylene and tertiary butyl hydroperoxide; PO derivatives, including propylene glycol, propylene glycol ethers and butanediol; ethylene derivatives, including ethylene glycol, ethylene oxide (EO), other EO derivatives; acetyls, including vinyl acetate monomer, acetic acid and methanol; and oxygenated fuels, or oxyfuels, such as methyl tertiary butyl ether (MTBE) and ethyl tertiary butyl ether (ETBE);

Refining, primarily manufacturing and marketing of refined petroleum products, including gasoline, ultra-low sulfur diesel, jet fuel, lubricants and alkylate; and

Technology, primarily licensing of polyolefin process technologies, the supply of catalysts and related services.

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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	Olefins and Polyolefins Americas	Olefins and Polyolefins Europe, Asia & International	Intermediates & Derivatives	Refining	Technology	Other	Total
Three Months Ended September 30, 2012							
Sales and other operating revenues:							
Customers	$ 2,189	$ 3,387	$ 2,521	$ 3,080	$ 93	$ 3	$ 11,273
Intersegment	1,028	61	116	192	31	(1,428)	- -
	3,217	3,448	2,637	3,272	124	(1,425)	11,273
Operating income	738	15	424	114	31	6	1,328
Income from equity investments	7	23	2	- -	- -	- -	32

Millions of dollars	Olefins and Polyolefins Americas	Olefins and Polyolefins Europe, Asia & International	Intermediates & Derivatives	Refining	Technology	Other	Total
Three Months Ended September 30, 2011							
Sales and other operating revenues:							
Customers	$ 2,727	$ 3,865	$ 2,434	$ 3,384	$ 78	$ 28	$ 12,516
Intersegment	1,148	89	57	571	51	(1,916)	- -
	3,875	3,954	2,491	3,955	129	(1,888)	12,516
Operating income	598	130	368	390	7	- -	1,493
Income from equity investments	7	38	7	- -	- -	- -	52

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Millions of dollars	Olefins and Polyolefins Americas	Olefins and Polyolefins Europe, Asia & International	Intermediates & Derivatives	Refining	Technology	Other	Total
Nine Months Ended September 30, 2012							
Sales and other operating revenues:							
Customers	$ 6,776	$ 10,687	$ 7,108	$ 9,402	$ 268	$ 14	$ 34,255
Intersegment	3,073	234	299	569	90	(4,265)	- -
	9,849	10,921	7,407	9,971	358	(4,251)	34,255
Operating income	1,957	221	1,184	248	99	8	3,717
Income (loss) from equity investments	17	92	(4)	- -	- -	- -	105

Millions of dollars	Olefins and Polyolefins Americas	Olefins and Polyolefins Europe, Asia & International	Intermediates & Derivatives	Refining	Technology	Other	Total
Nine Months Ended September 30, 2011							
Sales and other operating revenues:							
Customers	$ 7,987	$ 11,918	$ 7,223	$ 9,738	$ 290	$ 46	$ 37,202
Intersegment	3,470	316	135	1,080	104	(5,105)	- -
	11,457	12,234	7,358	10,818	394	(5,059)	37,202
Operating income (loss)	1,527	508	971	806	96	(10)	3,898
Income from equity investments	18	150	15	- -	- -	- -	183

Sales and other operating revenues and operating income in the Other column above include elimination of intersegment transactions.

In the third quarter and first nine months of 2012, operating results of the O&P Americas segment include charges of $54 million and $135 million, respectively, related to the interim liquidation of LIFO inventory, which is expected to be sustained through the end of the year. Inventory levels, which were increased in the fourth quarter 2011 in preparation for a turnaround at our Channelview, Texas facility, decreased during the first nine months of 2012 following the commencement of the turnaround.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Third quarter 2012 operating results for the O&P Americas segment also include a $71 million non-cash benefit reversing, due to the recovery of market price, the $71 million lower of cost or market inventory valuation adjustment recognized in the second quarter 2012.

Operating results for the first nine months of 2012 for the O&P EAI segment include a charge of $22 million for impairment of assets at our Wesseling, Germany site.

Operating results for the first nine months of 2012 also include benefits of $29 million, $18 million and $53 million associated with insurance settlements related to Hurricane Ike for the O&P Americas, I&D and Refining segments, respectively. The Refining segment s operating results in the third quarter and first nine months of 2012 also include a benefit of a $24 million recovery related to a former employee who plead guilty to fraud in 2010.

18. Subsequent Events

LyondellBasell N.V. has evaluated subsequent events through the date the financial statements were issued.

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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.

In addition to comparisons of current operating results with the same period in the prior year, we have included trailing quarter comparisons of our third quarter 2012 operating results to our results in the second quarter 2012. Because many of our businesses are highly cyclical and also subject to some less significant seasonal effects, trailing quarter comparisons may offer important insight into current business direction.

References to industry benchmark prices or costs, including the weighted average cost of ethylene production, are generally to industry prices and costs reported by IHS, Inc. However, references to industry benchmarks for refining and oxyfuels market margins are to industry prices reported by Platts, a reporting service of The McGraw-Hill Companies, and crude oil and natural gas benchmark price references are to Bloomberg.

OVERVIEW

Our ability to maintain strong performance in a volatile economic environment, including continued uncertainties caused by recessionary conditions in Europe and the reduced growth outlook for China, is reflected in our results of operations in the third quarter and first nine months of 2012. We continue to focus on safe, reliable operations, cost reductions, particularly in Europe, and disciplined growth. We believe this strategy allows us to generate solid results even while facing challenges due to external factors. Significant items that affected our third quarter 2012 results include:

- The continued benefit in the U.S. from an abundance of low cost, natural gas liquids (NGLs) supply;
- Increasing raw materials costs in Europe, which rose more rapidly than our sales prices, reversing the second quarter benefit to olefins margins from falling prices in that region;
- Improved refining margins benefitting our refining results although the positive impact was partially eroded by depressed by-product spreads relative to the price of crude oil and reduced crude processing rates due to unplanned outages; and
- A higher butane to gasoline spread and increased sales volumes that led to exceptionally strong oxyfuels results.

Other noteworthy items during the first nine months of 2012, include the following:

- LyondellBasell N.V. was included in the Standard & Poor s 500 Index following the close of market on September 4, 2012;
- We entered into a $1 billion U. S. accounts receivable securitization facility in September 2012;
- We completed the refinancing of nearly $3 billion of our debt with new debt issuances of unsecured senior notes, significantly improving our debt structure and replaced our $2 billion U.S. ABL Facility with an unsecured revolving credit facility during the first six months of 2012;

We increased our interim dividend from $0.25 to $0.40 in the second quarter 2012; and

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We ceased the under-performing operations at the Berre refinery in early January 2012.
We expect that we will continue to face challenges related to economic uncertainties in Europe and the rest of the world in the foreseeable future. Our performance is significantly influenced by global economic conditions generally and their impact on demand for our products. Additionally, raw material and energy prices significantly impact our operating results. Finally, industry-specific issues, such as our own production capacity and capacity within the chemicals and refining industries, can have material effects on our results of operations.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
Millions of dollars	**2012**	**2011**	**2012**	**2011**
Sales and other operating revenues	$ 11,273	$ 12,516	$ 34,255	$ 37,202
Cost of sales	9,670	10,734	29,763	32,475
Selling, general and administrative expenses	236	236	660	687
Research and development expenses	39	53	115	142
Operating income	1,328	1,493	3,717	3,898
Interest expense	(71)	(156)	(581)	(495)
Interest income	4	10	10	30
Other income (expense), net	(7)	19	- -	16
Income from equity investments	32	52	105	183
Reorganization items	- -	- -	4	(30)
Provision for income taxes	435	506	1,042	1,157
Income from continuing operations	851	912	2,213	2,445
Loss from discontinued operations, net of tax	(7)	(17)	(2)	(87)
Net income	$ 844	$ 895	$ 2,211	$ 2,358

RESULTS OF OPERATIONS

Revenues Revenues decreased by $1,243 million, or 10%, in the third quarter 2012 compared to the third quarter 2011 and by $2,947 million, or 8%, in the first nine months of 2012 compared to the first nine months of 2011. Lower average sales volumes were responsible for revenue decreases of 8% in the third quarter 2012 and 6% in the first nine months of 2012, respectively, while lower average product prices contributed 2% to the revenue deceases in each of the third quarter and first nine months of 2012. Sales volumes averaged lower in the third quarter and first nine months of 2012, primarily in European olefins and polyolefins and in refining. Weak economic conditions in Europe, turnaround activity at our cracker in Wesseling, Germany, and the resale of crude oil in 2011 to take advantage of favorable crude purchases all contributed to the reduced level of sales volumes in the third quarter and first nine months of 2012.

Cost of Sales Cost of sales in the third quarter and first nine months of 2012 decreased by $1,064 million and $2,712 million, respectively, compared to the corresponding periods in 2011. The lower prices of NGL-based raw materials, particularly ethane, used in North American olefins and the lower prices of ethylene and propylene used in North American polyolefins contributed to the decreases in cost of sales in the third quarter and first nine months of 2012. Falling raw material costs, including butane, methanol and ethanol, used in oxyfuels also benefited costs of sales in the I&D segment. These lower costs were partially offset by higher naphtha feedstock costs in the O&P EAI segment and higher crude oil prices in the Refining segment.

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In the third quarter 2012, cost of sales include a $71 million non-cash benefit reversing, due to the recovery of market price, the $71 million lower of cost or market inventory valuation adjustment recorded in the second quarter 2012. Cost of sales in the first nine months of 2012 includes a $100 million benefit related to an insurance settlement related to Hurricane Ike.

R&D Expenses Research and development expenses in the third quarter and first nine months of 2012 decreased $14 million and $27 million, respectively, compared to the third quarter and first nine months of 2011. The higher R&D expenses in the 2011 periods were a result of a $19 million charge related to impairments, which included $17 million for the impairment of an R&D project in Europe during the third quarter 2011 and a $16 million charge related to employee severance and asset retirement obligations in the second quarter 2011 associated with the relocation of an R&D facility.

Operating Income The decrease in our operating income in the third quarter and first nine months of 2012 reflects the effect of lower results for our O&P-EAI and Refining segments, which were offset in part by higher results for our I&D and O&P-Americas segments. Our Technology segment results were higher in the third quarter 2012 and relatively unchanged in the first nine months of 2012 compared to the same periods in 2011. Results for each of our business segments are reviewed further in the Segment Analysis section below.

Interest Expense Interest expense decreased $85 million in the third quarter 2012 and increased $86 million in the first nine months of 2012 compared to the third quarter and first nine months of 2011, respectively. The lower interest expense in the third quarter 2012 compared to third quarter 2011 was a result of the refinancing of notes bearing interest rates of 8% and 11% per annum with lower coupon notes.

The benefit of the lower interest bearing notes was more than offset in the first nine months of 2012 by premiums and the write-off of unamortized debt issuance costs related to refinancing activity in the second quarter of 2012. We paid premiums totaling $294 million and wrote off unamortized debt issuance costs totaling $18 million associated with the repayment of our 8% and 11% notes in the second quarter of 2012. Additionally, we wrote off $17 million of capitalized debt issuance costs as a result of the termination of the ABL credit facility in May 2012.

Income from Equity Investments Income from equity investments decreased $20 million and $78 million in the third quarter and first nine months of 2012, compared to the third quarter and first nine months of 2011. These decreases were due to the lower operating results of our joint ventures in the Middle East and Asia, which were driven by lower average sales prices and in the first nine months of 2012 by higher raw material costs and unplanned outages.

Income Tax The effective tax rate for the third quarter of 2012 was 33.8% compared with 35.7% for the third quarter of 2011. The effective tax rate for the first nine months of 2012 was 32.0% compared with 32.1% for the first nine months of 2011. Our effective tax rate fluctuates based on, among other factors, pretax income in countries with varying statutory tax rates, nontaxable income related to joint venture equity earnings, notional royalties, the U.S. domestic production activity deduction, changes in valuation allowance and changes in unrecognized tax benefits. Compared with the third quarter of 2011, the effective tax rate for the third quarter of 2012 was lower due to valuation allowance releases, partially offset with a reduction of unrecognized tax benefits in the prior year. The effective tax rate for the first nine months of 2012 was comparable with the effective tax rate for the first nine months of 2011.

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Income from Continuing Operations The following table summarizes the major components contributing to income from continuing operations:

Millions of dollars	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Operating income	$ 1,328	$ 1,493	$ 3,717	$ 3,898
Interest expense, net	(67)	(146)	(571)	(465)
Other income (expense), net	(7)	19	- -	16
Income from equity investments	32	52	105	183
Reorganization items	- -	- -	4	(30)
Provision for income taxes	435	506	1,042	1,157
Income from continuing operations	$ 851	$ 912	$ 2,213	$ 2,445

Loss from Discontinued Operations, Net of Tax The improvement in the results of our discontinued operations in the third quarter and first nine months of 2012, compared to the corresponding periods in 2011, primarily reflect pretax benefits of $16 million and $65 million, respectively, related to the liquidation of product inventory following the suspension of operations at the Berre refinery in early January 2012.

Comprehensive Income Comprehensive income increased by $646 million in the third quarter 2012 and decreased by $118 million in the first nine months of 2012 compared to the third quarter and first nine months of 2011, respectively. Currency translation adjustments were the predominant factor contributing to the third quarter 2012 increase in comprehensive income. The decrease in comprehensive income in the first nine months of 2012 was largely due to the decrease in net income, which was offset to a small degree by the effect of currency translation.

The predominant local currency of our operations outside of the United States is the Euro. The value of the U.S. dollar relative to the Euro increased in the third quarter and first nine months of 2012 but decreased in the corresponding periods of 2011, resulting in losses in 2012 and gains in 2011 as reflected in the Statements of Comprehensive Income.

Third Quarter 2012 versus Second Quarter 2012 Income from continuing operations was $851 million in the third quarter 2012 compared to $768 million in the second quarter 2012. Third quarter operating results include a $71 million pretax benefit related to the reversal of the second quarter lower of cost or market inventory valuation adjustment of the same amount due to market price recovery in the third quarter. Second quarter operating results benefited from a pretax insurance settlement related to Hurricane Ike of $100 million.

Apart from these items, the higher income from continuing operations in the third quarter reflected lower interest expense offset to a large degree by lower operating results and a higher third quarter provision for income taxes. The lower interest expense is due to the pretax charges of $329 million in the second quarter related to refinancing activities. The lower operating results in the third quarter reflect the negative effect of lower olefins margins on the results of our O&P-Americas and O&P-EAI segments. These negative impacts were partially offset by improvements in our I&D & Refining segments, which reflected the strong performance of our oxyfuels business and higher refining margins, respectively. Results for our Technology segment were relatively unchanged between the two periods.

The increase in operating results provided for a provision for income taxes of $435 million in the third quarter compared to a $306 million tax expense in the second quarter. The $129 million increase in tax expense was primarily attributable to higher earnings in jurisdictions with higher statutory tax rates coupled with discrete tax expense related to gains attributable to foreign exchange remeasurement.

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Segment Analysis

Our continuing operations are divided into five reportable segments: O&P Americas; O&P EAI; I&D; Refining; and Technology. In the second quarter 2012, the operations of our Berre refinery in France were reported as discontinued operations for all periods presented. In addition, our oxyfuels business, which was previously managed in conjunction with our refining operations and included in our Refining segment, was included in our I&D segment beginning in the second quarter 2012. Accordingly, all comparable periods presented have been revised to reflect the results of our oxyfuels business in our I&D segment. For additional information related to the Berre refinery and the realignment of the oxyfuels business, see Footnotes 3 and 17 to the Consolidated Financial Statements.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Millions of dollars	**2012**	**2011**	**2012**	**2011**
Sales and other operating revenues:				
O&P Americas segment	$ 3,217	$ 3,875	$ 9,849	$ 11,457
O&P EAI segment	3,448	3,954	10,921	12,234
I&D segment	2,637	2,491	7,407	7,358
Refining segment	3,272	3,955	9,971	10,818
Technology segment	124	129	358	394
Other, including intersegment eliminations	(1,425)	(1,888)	(4,251)	(5,059)
Total	$ 11,273	$ 12,516	$ 34,255	$ 37,202
Operating income (loss):				
O&P Americas segment	$ 738	$ 598	$ 1,957	$ 1,527
O&P EAI segment	15	130	221	508
I&D segment	424	368	1,184	971
Refining segment	114	390	248	806
Technology segment	31	7	99	96
Other, including intersegment eliminations	6	- -	8	(10)
Total	$ 1,328	$ 1,493	$ 3,717	$ 3,898
Income (loss) from equity investments:				
O&P Americas segment	$ 7	$ 7	$ 17	$ 18
O&P EAI segment	23	38	92	150
I&D segment	2	7	(4)	15
Total	$ 32	$ 52	$ 105	$ 183

Olefins and Polyolefins Americas Segment

Overview The U.S. ethylene industry continues to benefit from processing NGLs. Ethylene produced from NGLs in North America is currently lower in cost compared to that produced from crude oil-based liquids, which is the predominant feedstock used in the rest of the world.

Ethylene margins continued to be strong in the first nine months of 2012 although third quarter 2012 margins declined from very strong second quarter levels. The continued benefit of lower NGL-based raw material prices was substantially offset in the third quarter and partially offset in the first nine months of 2012 by lower prices for ethylene and ethylene co-products compared to the same periods in 2011. Olefins sales volumes reflect stronger third quarter 2012 demand for ethylene and polyethylene. Polypropylene results reflect higher margins in both 2012 periods and higher sales volumes in the first nine months of 2012 compared to the same periods in 2011. Polyethylene results were higher in the third quarter 2012 compared to the third quarter of 2011, mainly due to higher product margins and higher sales volumes, while results in the first nine months of 2012 were lower compared to the same period in 2011 largely due to lower product margins.

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Ethylene Raw Materials Benchmark crude oil and natural gas prices generally have been indicators of the level and direction of the movement of raw material and energy costs for ethylene and its co-products in the O&P Americas segment. Ethylene and its co-products are produced from two major raw material groups:

- crude oil-based liquids (liquids or heavy liquids), including naphtha, condensates and gas oils, the prices of which are generally related to crude oil prices; and

- NGLs, principally ethane and propane, the prices of which are generally affected by natural gas prices.

Although the prices of these raw materials are generally related to crude oil and natural gas prices, during specific periods the relationships among these materials and benchmarks may vary significantly.

In the U.S., we have significant capability to shift the ratio of raw materials used in the production of ethylene and its co-products to take advantage of the relative costs of heavy liquids and NGLs.

Production economics for the U.S. industry have continued to favor NGLs throughout 2012. As a result, we have maintained our focus on maximizing the use of NGLs at our U.S. plants. Approximately 85% of our ethylene production was from NGLs during the third quarter and first nine months of 2012.

During the third quarter and first nine months of 2011, approximately 75% of our ethylene production was from NGLs. Based on current trends and assuming the price of crude oil remains at a high level relative to natural gas, we would expect production economics in the U.S. to continue to favor NGLs for the near and mid-term.

The following table shows the average U.S. benchmark prices for crude oil and natural gas for the applicable periods, as well as benchmark U.S. sales prices for ethylene and propylene, which we produce and sell or consume internally, and certain polyethylene and polypropylene products. West Texas Intermediate, or WTI , and Light Louisiana Sweet, or LLS , are light crude oils. The benchmark weighted average cost of ethylene production, which reflects credits for co-product sales, is based on IHS s estimated ratio of heavy liquid raw materials and NGLs used in U.S. ethylene production. Benchmark prices for polyethylene and polypropylene reflect discounted prices.

	Average Benchmark Price and Percent Change Versus Prior Year Period Average					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
Crude oil - dollars per barrel:						
WTI	92.2	89.5	3%	96.2	95.5	1%
LLS	109.4	112.5	(3)%	112.4	112.9	%
Natural gas (Henry Hub) dollars per million BTUs	2.9	4.3	(32)%	2.6	4.3	(39)%
Weighted average U.S. cost of ethylene production - cents per pound	19.7	34.3	(43)%	22.2	33.6	(34)%
United States - cents per pound:						
Ethylene	45.4	55.8	(19)%	49.1	54.2	(9)%
Polyethylene (HD)	59.3	63.0	(6)%	63.1	64.4	(2)%
Propylene - polymer grade	49.8	76.5	(35)%	60.4	78.5	(23)%
Polypropylene	63.8	90.2	(29)%	73.9	93.1	(21)%

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The following table sets forth the O&P Americas segment s sales and other operating revenues, operating income, income from equity investments and selected product sales volumes.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Millions of dollars				
Sales and other operating revenues	$ 3,217	$ 3,875	$ 9,849	$ 11,457
Operating income	738	598	1,957	1,527
Income from equity investments	7	7	17	18
Production Volumes, in millions of pounds				
Ethylene	2,401	2,134	6,523	6,152
Propylene	633	838	1,781	2,163
Sales Volumes, in millions of pounds				
Polyethylene	1,434	1,368	4,198	4,150
Polypropylene	651	635	1,935	1,831

Revenues O&P Americas revenues decreased by $658 million, or 17%, in the third quarter 2012 and $1,608 million, or 14%, in the first nine months of 2012 compared to the same periods of 2011. Lower average sales prices across most products were responsible for revenue decreases of 19% in the third quarter of 2012, partly offset by higher polyethylene sales volumes that increased revenues by 2%. Lower average sales prices resulted in a 9% revenue decline in the first nine months of 2012. Lower olefins sales volumes offset slightly higher polyethylene and polypropylene sales volumes, decreasing revenues by 5% for the first nine months of 2012 compared to the same prior year period. Average sales prices for ethylene and polyethylene were lower in the third quarter and first nine months of 2012 compared to the same periods in 2011 mainly as a result of the much lower costs of NGL feedstocks. Lower average sales prices for polypropylene in the 2012 periods reflected lower feedstock, propylene, prices compared to a very strong propylene market in 2011.

Operating Income Operating income for the O&P Americas segment in the third quarter and first nine months of 2012 increased by $140 million and $430 million, respectively, compared to the third quarter and first nine months of 2011. Operating results for the third quarter 2012 include a $71 million non-cash benefit reversing, due to the recovery of market price, the $71 million lower of cost or market inventory valuation adjustment recognized in the second quarter 2012. Operating results in the first nine months of 2012 also include the negative impact resulting from reduced production which occurred during our Channelview, Texas facility turnaround in the second quarter 2012. This was offset in part by a $29 million benefit associated with an insurance settlement related to Hurricane Ike.

Excluding the impact of the items discussed above, operating results in the third quarter 2012 reflect the effect of higher polyethylene and polypropylene margins, slightly offset by lower ethylene margins. Results for the first nine months of 2012 reflect higher ethylene margins and, to a lesser extent, higher polypropylene margins than in the first nine months of 2011.

Ethylene margins reflect the benefits of lower ethane prices in both 2012 periods and lower propane prices in the first nine months of 2012, all of which was partly offset in both 2012 periods by lower prices for co-products, propylene and butadiene. This lower cost of ethylene production was substantially offset in the third quarter 2012 and only partly offset in the first nine months of 2012 by lower ethylene prices. Ethylene sales volumes were higher due mainly to spot sales opportunities in both 2012 periods.

Polyethylene results were higher in the third quarter 2012 compared to the third quarter of 2011, primarily due to higher product margins and the effect of higher sales volumes. Improved demand allowed product prices to increase with higher ethylene costs for most of the third quarter 2012, while third quarter 2011 margins were lower as product prices fell more rapidly than ethylene costs in a period of weakening market conditions. Results in the first

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nine months of 2012 were lower compared to the same period in 2011 largely because of lower first quarter 2012 product margins, which reflected slow recovery from weak market demand in the latter part of 2011. Higher polypropylene results reflect higher margins compared to the third quarter and first nine months of 2011 as decreases in the price of feedstock, propylene, outpaced decreases in average sales prices. Polypropylene sales volumes also improved in 2012 compared to 2011, especially in the first nine months of 2012, as reduced and more stable feedstock prices helped to support demand.

Third Quarter 2012 versus Second Quarter 2012 The O&P Americas segment had operating income of $738 million in the third quarter 2012, compared to $700 million in the second quarter 2012. Third quarter operating results include a $71 million non-cash benefit reversing, due to the recovery of market price, the $71 million lower of cost or market inventory valuation adjustment recognized in the second quarter. Second quarter operating results also included a $29 million benefit associated with an insurance settlement related to Hurricane Ike and the negative impact from reduced production during a turnaround at our Channelview, Texas facility.

Excluding the impact of the items discussed above, the decrease in the third quarter operations of the O&P Americas segment reflected lower olefins margins primarily due to lower average sales price for ethylene and co-products, propylene and butadiene. The lower olefins margins were partially offset by higher sales volumes, which resulted from increased spot sales and improved production volumes following the completion of the Channelview, Texas facility turnaround. Results for combined polyolefins were lower in the third quarter mainly due to lower polyethylene margins, the effect of which was partly offset by a 7% increase in sales volumes. The lower polyethylene margins reflected average sales price decreases that outpaced decreases in ethylene feedstock prices.

Olefins and Polyolefins Europe, Asia and International Segment

Overview Market conditions, particularly in Europe, have been weak throughout 2012 amid continued economic uncertainty. This resulted in a decline in European demand for ethylene and polyolefins in the third quarter and first nine months of 2012 compared to the 2011 periods. Naphtha feedstock prices increased in the first and third quarters of 2012 and decreased in the second quarter of 2012, resulting in substantial swings in olefins margins over this period.

Operating results in the third quarter and first nine months of 2012, which were lower than the corresponding 2011 periods, primarily reflected significantly lower olefins margins and lower sales volumes across most products. The naphtha price trends noted above benefited second quarter olefins margins and negatively affected olefins margins in the third quarter and first nine months of 2012. The decrease in sales volumes reflects weak global demand and the negative impact of reduced production from a turnaround at our Wesseling, Germany cracker in the third quarter 2012. Third quarter 2012 polypropylene results were higher compared to the same period in 2011 reflecting higher product margins and the effect of higher sales volumes in our Asian markets, while weak demand for polyolefins in the first nine months of 2012 resulted in margins and sales volumes that were lower than those seen during the first nine months of 2011. Our global PP compounding business, which includes North and South America, has continued its strong contribution to segment results through its consistent performance across all periods.

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Ethylene Raw Materials In Europe, heavy liquids are the primary raw materials for our ethylene production.

The following table shows the average West Europe benchmark prices for Brent crude oil for the applicable periods, as well as benchmark West Europe prices for ethylene and propylene, which we produce and consume internally or purchase from unrelated suppliers and certain polyethylene and polypropylene products. Benchmark prices for West Europe polyethylene and polypropylene reflect discounted prices.

	Average Benchmark Price and Percent Change Versus Prior Year Period Average					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
Brent crude oil - dollars per barrel	109.42	112.09	(2)%	112.20	111.24	1%
Western Europe benchmark prices						
Weighted average cost of ethylene production - 0.01 per pound	39.6	37.3	6%	38.9	35.8	9%
Ethylene	53.1	50.3	6%	55.6	52.3	6%
Polyethylene (HD)	57.2	54.0	6%	58.9	56.4	4%
Propylene	47.6	50.2	(5)%	50.6	52.1	(3)%
Polypropylene (homopolymer)	56.1	57.0	(2)%	58.1	60.7	(4)%
Average Exchange Rate - $US per	1.2512	1.4146	(12)%	1.2821	1.4066	(9)%

The following table sets forth the O&P EAI segment s sales and other operating revenues, operating income, income from equity investments and selected product production and sales volumes.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Millions of dollars				
Sales and other operating revenues	$ 3,448	$ 3,954	$ 10,921	$ 12,234
Operating income	15	130	221	508
Income from equity investments	23	38	92	150
Production volumes, in millions of pounds				
Ethylene	802	926	2,679	2,922
Propylene	493	560	1,631	1,799
Sales volumes, in millions of pounds				
Polyethylene	1,253	1,349	3,706	3,933
Polypropylene	1,633	1,489	4,511	4,534

Revenues Revenues decreased by $506 million, or 13%, in the third quarter 2012 and $1,313 million, or 11%, in the first nine months of 2012 compared to revenues in the third quarter and first nine months of 2011, respectively. Lower average sales prices in the third quarter and first nine months of 2012 contributed 9% and 7% to the respective decreases in revenue. Lower sales volumes were responsible for revenue decreases of 4% in both the third quarter and first nine months of 2012. These lower average sales prices and sales volumes reflect weak economic conditions in Europe that have existed since late 2011. Olefins volumes were also negatively affected by a reduction in production of ethylene and propylene resulting from the turnaround at our Wesseling, Germany cracker during the third quarter 2012.

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Operating Income Operating results for the O&P EAI segment decreased by $115 million and $287 million in the third quarter and first nine months of 2012, respectively, compared to the same periods in 2011. Segment operating results for the first nine months of 2012 included a $22 million charge for impairment of assets related to damage of our LDPE plant in Wesseling, Germany that resulted from an explosion in a reactor bay. Operating results in the third quarter and first nine months of 2011 included charges totaling $14 million and $75 million, respectively, associated with activities in those periods to reorganize certain functional organizations and for increased environmental liabilities in the first nine months of 2011 at our Wesseling, Germany site.

Apart from the effect of the charges discussed above, operating results for the third quarter and first nine months of 2012 primarily reflect lower cracker and butadiene margins and lower sales volumes across most products. Increases in the naphtha feedstock price during the third quarter and first nine months of 2012 resulted in compressed cracker margins compared to the same 2011 periods. Lower butadiene margins, particularly in the third quarter 2012, were principally due to higher naphtha costs and lower average sales prices as a result of weak global demand. Although polypropylene results in the third quarter 2012 increased largely as a result of the effect of higher sales volumes and margins in our Asian markets, results for both polyethylene and polypropylene were lower in the first nine months of 2012 compared to 2011. These lower results were mainly due to lower margins as decreases in average sales prices exceeded the average decreases in raw material prices. The lower sales volumes in the 2012 periods reflected operating rates that were lower in the 2012 periods compared to 2011 and were attributable to the turnaround at our Wesseling, Germany cracker during the third quarter 2012 and lower demand for polyethylene and polypropylene. Higher results for polybutene-1 in the 2012 periods reflect higher margins compared to the 2011 periods. Results for our PP compounding business in the third quarter and first nine months of 2012 were relatively unchanged compared to the same 2011 periods.

Third Quarter 2012 versus Second Quarter 2012 The O&P EAI segment had operating income of $15 million in the third quarter 2012 and $203 million in the second quarter 2012, which saw olefins margins that benefited from a lag in the pricing mechanisms for naphtha, olefins and polyolefins. This benefit reversed in the third quarter as feedstock prices in Europe rose steadily. The resulting decrease in olefins margins in the third quarter coupled with a decrease in sales volumes contributed significantly to the decrease in third quarter operating results. The lower olefins sales volumes in the third quarter were reflective of weak demand and reduced ethylene and propylene production as a result of the cracker turnaround in Wesseling, Germany. Operating results for polyolefins improved in the third quarter compared to the second quarter largely as a result of higher margins coupled with the effect of higher sales volumes. Early in the third quarter, customer anticipation of future price increases led to higher demand. This temporary increase in demand fueled polyethylene and polypropylene prices that rose more rapidly than ethylene and propylene prices, resulting in improved margins compared to the second quarter. Third quarter operating results for our PP compounding business improved over the second quarter primarily due to higher margins driven by lower propylene prices.

Intermediates and Derivatives Segment

Overview Operating results for the third quarter and first nine months of 2012 reflect strong performance of our oxyfuels business as global gasoline prices remained high relative to butane feedstock costs compared to the same periods in 2011 and our oxyfuels sales volumes increased as we expanded into new regional markets. Lower prices and margins led to reduced earnings for PO and derivatives (PO&D) in the third quarter and first nine months of 2012 compared to those seen in the corresponding 2011 periods when butanediol (BDO) and solvents results were especially strong in a tight global supply market. Overall results for the remaining businesses in the I&D segment portfolio reflect continued steady performance over the periods.

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The following table sets forth the I&D segment s sales and other operating revenues, operating income, income from equity investments and selected product sales volumes. In addition, the table shows MTBE margins in Northwest Europe (NWE).

Millions of dollars	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Sales and other operating revenues	$ 2,637	$ 2,491	$ 7,407	$ 7,358
Operating income	424	368	1,184	971
Income (loss) from equity investments	2	7	(4)	15
Sales volumes, in millions of pounds				
PO&D	833	758	2,461	2,387
EO&D	311	281	898	846
Styrene	798	714	2,180	2,383
Acetyls	499	411	1,433	1,267
TBA intermediates	441	433	1,351	1,377
Sales volumes, in millions of gallons				
MTBE/ETBE	256	227	650	613
Market margins, cents per gallon				
MTBE NWE	149.9	94.1	132.5	81.8

Revenues Revenues increased by $146 million and $49 million in the third quarter and first nine months of 2012, respectively, compared to the third quarter and first nine months of 2011. The 6% increase in third quarter 2012 revenues compared to the same period in 2011 consisted of a 4% increase due to higher sales volumes, primarily oxyfuels, acetyls and styrene, and a 2% increase from higher average sales prices. The 1% increase in revenues for the first nine months of 2012 was all price-related as volume changes across the product areas largely offset each other. New market penetrations contributed to increased sales volumes for oxyfuels in the third quarter of 2012.

Operating Income Operating income increased by $56 million and $213 million in third quarter and first nine months of 2012, respectively, compared to the same periods in 2011. Operating results for the first nine months of 2012 included an $18 million benefit related to an insurance settlement associated with Hurricane Ike. Apart from this benefit, operating results in the third quarter and first nine months of 2012 reflected higher oxyfuels sales volumes and margins as a result of the increased spread between gasoline and raw materials - butane, methanol and ethanol.

Results for the PO and derivatives business were lower in the third quarter and first nine months of 2012 primarily due to lower margins. Lower third quarter 2012 results reflected lower margins in solvents and BDO principally due to the decreases in average sales prices that outpaced decreases in the price of raw materials - propylene and natural gas. Market demand for BDO was weaker in 2012 compared to 2011 due to global supply constraints. Lower demand for propylene oxide and lower propylene glycol volumes due to seasonality related to the deicing industry led to the decrease in PO and derivatives results in the first nine months of 2012. The collective results for the remaining businesses were relatively unchanged in the third quarter and first nine months of 2012 compared to the 2011 periods. Higher TBA and derivative margins and volumes were substantially offset by lower margins for acetyls and EO/EG. Higher TBA and derivative margins reflected the effect of significantly lower butane prices in the third quarter and first nine months of 2012, partially offset by lower average sales prices in the third quarter 2012. Acetyls margins were lower in the third quarter and first nine months of 2012 as lower average sales prices outpaced the effect of lower prices of raw materials - ethylene and natural gas.

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Third Quarter 2012 versus Second Quarter 2012 The I&D segment had operating income of $424 million in the third quarter 2012 compared to $390 million in the second quarter 2012, which includes an $18 million benefit related to the Hurricane Ike insurance settlement. The improvement in third quarter operating results reflects overall higher sales volumes and higher oxyfuels margins. Oxyfuels margins were higher in the third quarter due to an increase in the spread between butane and gasoline as demand for high octane, clean gasoline components followed seasonal demand patterns, which also led to higher third quarter sales volumes. Third quarter results for PO and derivatives were relatively unchanged compared to the second quarter. The collective results for the remaining I&D segment businesses in the third quarter were also relatively unchanged from the second quarter.

Refining Segment

Overview The Refining segment comprises the operations of our full conversion refinery located on the Houston Ship Channel in Houston, Texas. The Berre refinery, which was included in the Refining segment through the first quarter of 2012, was classified as discontinued operations in the second quarter of 2012. Accordingly, the Berre refinery s results of operations are not included in this segment discussion.

The refinery s operating results for the third quarter and first nine months of 2012 reflected the effect of lower margins, including lower by-product spreads, compared to the third quarter and first nine months of 2011, and by lower crude processing rates in the third quarter 2012 compared to the same period in 2011. Our refining margins were lower in the third quarter and first nine months of 2012 primarily due to a decrease in the differential between the cost of heavy and light crude oils and less benefit from favorable crude purchasing opportunities compared to 2011 periods. Heavy crude oil processing rates were 11% lower in the third quarter of 2012 mainly due to unplanned outages.

The following table sets forth the Refining segment s sales and other operating revenues, operating income and market refining margins for the U.S. for the applicable periods. LLS is a light crude oil, while Maya is a heavy crude oil.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Millions of dollars	**2012**	**2011**	**2012**	**2011**
Sales and other operating revenues	$ 3,272	$ 3,955	$ 9,971	$ 10,818
Operating income	114	390	248	806
Heavy crude oil processing rates (thousands of barrels per day)	240	269	255	263
Market margins $ per barrel				
Light crude oil 2-1-1	14.71	9.54	12.71	8.64
Light crude oil Maya differential	11.94	13.99	10.56	15.85
Total Maya 2-1-1	26.65	23.53	23.27	24.49

Revenues Revenues for the Refining segment decreased $683 million, or 17%, in the third quarter 2012 compared to the third quarter 2011, and $847 million, or 8% in the first nine months of 2012 compared to the first nine months of 2011. Lower sales volumes in the third quarter and first nine months of 2012 were responsible for revenue decreases of 22% and 10%, respectively, compared to the same periods in 2011. The lower sales volumes reflect the resale of excess crude oil in the third quarter and first nine months of 2011. In addition, crude processing rates were lower in the third quarter 2012, compared to the same period in 2011, as a result of unplanned outages. Higher average sales prices were responsible for revenue increases of 5% in the third quarter 2012 compared to the third quarter 2011, driven by higher refined product margins that more than offset lower crude oil prices. A 2% revenue increase from sales prices in the first nine months of 2012, compared to the same period in 2011, was driven by the impact of higher crude oil prices and improved gasoline and distillate prices, partly offset by lower prices for refinery byproducts.

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Operating Income Operating income for the third quarter and first nine months of 2012 decreased by $276 million and $558 million, respectively, compared to the third quarter and first nine months of 2011. The decreases in operating income generally reflect lower refining margins, lower by-product spreads and the lower differential between the cost of heavy and light crude oil. By-product spreads were affected by lower natural gas prices in the third quarter and first nine months of 2012 compared to the same 2011 periods, as by-product prices generally correlate with natural gas prices. These negative impacts were partially offset in the third quarter and first nine months of 2012 by higher product spreads and by a recovery of $24 million related to a former employee who plead guilty to fraud. Results for the first nine months of 2012 also benefited from a $53 million insurance settlement associated with Hurricane Ike. Operating results for the first nine months of 2011 included a $34 million benefit from an insurance recovery also related to the aforementioned fraud matter. Operating results for the first nine months of 2011 also reflected margins that benefited from favorable crude purchasing opportunities.

Third Quarter 2012 versus Second Quarter 2012 The Refining segment had operating income of $114 million in the third quarter 2012 compared to $124 million in the second quarter 2012. Second quarter results included a benefit of $53 million related to an insurance settlement associated with Hurricane Ike and third quarter results included a benefit of $24 million described above. The improvement in third quarter operating results after excluding these items is largely due to higher refining margins. Margin improvements in the third quarter reflected the effects of higher Maya 2-1-1 benchmark margins, partially offset by lower by-product spreads due to higher crude prices in the third quarter. The margin improvements were partially offset by lower volumes, as unplanned outages during the third quarter resulted in a 10% reduction in the refinery s crude processing rates. Crude processing rates were 240,000 barrels per day in the third quarter and 267,000 barrels per day in the second quarter.

Technology Segment

Overview Third quarter 2012 operating results remained relatively unchanged compared to third quarter 2011 as higher licensing and services income was substantially offset by lower catalyst results and higher research and development costs. Lower operating results for the first nine months of 2012 compared to the first nine months of 2011 mainly reflected lower catalyst business results due to the weak European economy.

The following table sets forth the Technology segment s sales and other operating revenues and operating income.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Millions of dollars	**2012**	**2011**	**2012**	**2011**
Sales and other operating revenues	$ 124	$ 129	$ 358	$ 394
Operating income	31	7	99	96

Revenues Revenues for the third quarter and first nine months of 2012 decreased by $5 million, or 4%, and by $36 million, or 9%, respectively, compared to the third quarter and first nine months of 2011. These decreases primarily reflect lower catalyst sales volumes, which were responsible for revenue decreases of 11% and 4%, respectively, in the third quarter and first nine months of 2012, compared to the same periods in 2011. Price changes accounted for a revenue decrease of 5% in the first nine months of 2012, versus the same 2011 period. Higher licensing and services revenues were responsible for an increase of 8% in the third quarter 2012 compared to the corresponding period in 2011, but were comparable in the first nine months of 2012 and 2011.

Operating Income Operating income increased by $24 million in the third quarter 2012 and by $3 million in the first nine months of 2012 compared to the same periods in 2011. Operating results in the third quarter and first nine months of 2011 included charges of $16 million for employee severance and asset retirement obligations related to a relocated R&D facility and in the first nine months of 2011, a $19 million charge for the impairment of an R&D project in Europe.

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Apart from these charges, operating results in the third quarter 2012 were relatively unchanged compared to third quarter 2011 and decreased in the first nine months of 2012 compared to the first nine months of 2011. In the third quarter 2012, the higher revenue recognized from process licenses issued in prior years was substantially offset by lower catalyst results and higher research and development expenses. The lower catalyst results reflected lower margins and lower sales volumes. The decrease in operating results for the first nine months of 2012 was primarily attributable to lower results for the catalyst business resulting from lower sales volumes and margins.

Third Quarter 2012 versus Second Quarter 2012 The Technology segment had operating income of $31 million in the third quarter 2012 compared to $30 million in the second quarter 2012. Higher revenue recognized in the third quarter from process licenses issued in prior periods was substantially offset by lower catalyst results. The lower catalyst results reflected lower sales volumes, which resulted from reduced polyolefin production largely due to the weak economy in Europe, and lower catalyst margins mainly due to lower average sales prices in the third quarter.

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FINANCIAL CONDITION

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

Millions of dollars	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Source (use) of cash:		
Operating activities	$ 3,477	$ 2,778
Investing activities	(696)	(971)
Financing activities	(337)	(417)

Operating Activities Cash of $3,477 million provided in the first nine months of 2012 primarily reflected earnings, adjusted for non-cash items, proceeds received from income tax refunds and an insurance settlement and distributions from our joint ventures. These increases were offset in part by certain payments related to sales rebates, employee bonuses, property taxes, company contributions to our pension plans, premiums and other fees related to prepayments of debt, and to a lesser extent, by cash used by the main components of working capital accounts receivable, inventories and accounts payable.

The $2,778 million of cash provided in the first nine months of 2011 primarily reflected earnings, adjusted for non-cash items, and higher distributions from our joint ventures, partially offset by an increase in cash used by the main components of working capital and company contributions to our pension plans.

In the first nine months of 2011, the main components of working capital used $594 million of cash. This use of cash reflected increases of $282 million and $864 million in accounts receivable and inventories, respectively, partially offset by a $552 million increase in accounts payable. The increases in both accounts receivable and accounts payable reflected the effect of increasing prices over the period, and the increase in inventories reflected temporary volume increases in our O&P Americas and I&D business segments in preparation for planned turnarounds.

Investing Activities Cash of $696 million used in investing activities in the first nine months of 2012 primarily reflects capital expenditures of $727 million, partially offset by a $34 million decrease in restricted cash and proceeds of $12 million from the sale of assets in the first nine months of 2012. The $971 million of cash used in investing activities in the first nine months of 2011 reflects capital expenditures of $761 million, including the purchase of a pipeline for $73 million in July 2011, and an increase in restricted cash of $281 million related to the issuance of cash collateralized letters of credit, partially offset by proceeds of $71 million from the sale of assets, which includes $57 million related to the sale of surplus precious metals.

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The following table summarizes capital expenditures for the periods presented:

	Nine Months Ended September 30,	
Millions of dollars	**2012**	**2011**
Capital expenditures by segment:		
O&P Americas	$ 363	$ 353
O&P EAI	159	125
I&D	101	52
Refining	89	190
Technology	29	18
Other	1	8
Total capital expenditures by segment	742	746
Less:		
Contributions to PO Joint Ventures	(15)	(6)
Consolidated capital expenditures of continuing operations	$ 727	$ 740

In the first nine months of 2011, our discontinued operations had capital expenditures of $21 million. There were no capital expenditures related to discontinued operations in 2012.

Financing Activities Financing activities used net cash of $337 million in the first nine months of 2012 and $417 million in the first nine months of 2011.

Financing activities for the first nine months of 2012 reflect proceeds of $3,000 million from the issuance of our 5% senior notes due 2019 and 5.75% senior notes due 2024. In connection with the issuance of these notes in April 2012, a five-year revolving credit facility entered into in May 2012, and a three-year, accounts receivable securitization facility entered into in September 2012, we paid fees totaling $53 million. Financing activities for the first nine months of 2012 also reflect the repayment of $755 million of our 8% senior notes due 2017 and $1,921 million of our 11% senior notes due 2018. Premiums totaling $294 million paid in conjunction with these repayments are reflected in operating cash flows. Cash dividends of $603 million were paid during the first nine months of 2012.

Financing activities for the first nine months of 2011 reflect the redemption of approximately $253 million of our 8% senior notes due 2017 and the associated payment of premiums totaling $7 million. We also paid fees of $15 million related to the amendment of our U.S. ABL facility in June 2011. In addition, we received proceeds of $37 million related to the conversion of outstanding warrants to common stock and paid cash dividends totaling $171 million in the first nine months of 2011.

Liquidity and Capital Resources In September 2012, we entered into a three-year, $1,000 million U.S. accounts receivable securitization facility that permits the sale of certain eligible trade receivables to participating financial institutions. The facility also provides for the issuance of letters of credit up to $200 million.

In May 2012, we entered into a five-year revolving credit facility, and terminated our U.S. ABL Facility. The revolving credit facility may be used for dollar and euro denominated borrowings and includes supporting up to $700 million of dollar and euro denominated letters of credit. The balance of outstanding borrowings and letters of credit under the facility may not exceed $2,000 million at any given time.

In April 2012, we issued $2,000 million aggregate principal amount of 5% senior notes due 2019 and $1,000 million aggregate principal amount of 5.75% senior notes due 2024, each at an issue price of 100%. Net proceeds from the notes, together with cash on hand, were used to finance the repayment of the remaining outstanding balances of our 8% senior notes due 2017 and 11% senior notes due 2018, respectively, and to pay associated premiums and fees. For additional information related to these financing activities, see Note 9 to the Consolidated Financial Statements.

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As of September 30, 2012, we had unrestricted cash of $3,527 million. In addition, we had total unused availability under our credit facilities of $3,309 million at September 30, 2012, which included the following:

$1,937 million under our revolving credit facility, which is net of outstanding borrowings and outstanding letters of credit provided under the facility. At September 30, 2012, we had $57 million of outstanding letters of credit and no outstanding borrowings under the facility.

$930 million under our new, three-year accounts receivable securitization facility. Availability under the U.S. receivables securitization facility is subject to a borrowing base of eligible receivables, which is reduced by outstanding borrowings and letters of credit, if any. There were no outstanding borrowings or letters of credit at September 30, 2012.

336 million and $10 million (totaling approximately $442 million) under our 450 million European receivables securitization facility. Availability under the European receivables securitization facility is subject to a borrowing base, net of outstanding borrowings. There were no outstanding borrowings under this facility at September 30, 2012.

In addition to the letters of credit issued under our committed revolving credit facility, we also have outstanding letters of credit and bank guarantees totaling $78 million at September 30, 2012.

At September 30, 2012, we had total debt, including current maturities, of $4,352 million.

We have receivables outstanding of 234 million ($302 million) at September 30, 2012 related to value added tax (VAT) in Italy. In the first quarter 2010, Italy implemented a reverse change rule, under which non-domestic companies may not collect VAT on sales to domestic companies but must submit VAT on purchases from domestic companies. As a result, the balance of VAT receivables due from Italy, which is reflected in Other investments and long-term receivables in the Consolidated Balance Sheets, has increased since that date. We expect to collect all amounts owed to us.

As a result of ceasing operations at our Berre refinery in France, we expect to make future payments to affected employees and for exit or disposal activities. See Note 3 to the Consolidated Financial Statements for additional information related to this matter.

We may repay or redeem our debt, including purchases of our outstanding bonds in the open market, using cash on hand, cash from operating activities or proceeds from asset divestitures. We plan to finance 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.

We intend to continue to declare and pay quarterly dividends, with the goal of increasing the dividend over time, after giving consideration to our cash balances and expected results from operations. We believe that our cash, cash from operating activities and proceeds from our credit facilities provide us with sufficient financial resources to meet our anticipated capital requirements and obligations as they come due.

On October 15, 2012, our Management Board received Supervisory Board authorization to declare a special dividend of $2.75 per share, or approximately $1.6 billion. The dividend is expected to be paid on December 11, 2012 to shareholders of record on November 19, 2012, subject to the Management Board adopting a resolution approving the dividend. The dividend will be funded with existing cash on hand.

ACCOUNTING AND REPORTING CHANGES

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

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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, co intend, may, plan, potential, predict, should, will, expect, objective, projection, forecast, goal, guidance, outl expressions.

We based the forward-looking statements on our current expectations, estimates and projections about ourselves and the industries in which we operate in general. We caution you these statements are not guarantees of future performance as they involve assumptions that, while made in good faith, may prove to be incorrect, and involve risks and uncertainties we cannot predict. In addition, we based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, 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:

- if we are unable to comply with the terms of our credit facilities and other financing arrangements, those obligations could be accelerated, which we may not be able to repay;

- 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;

- our ability to implement business strategies may be negatively affected or restricted by, among other things, governmental regulations or policies;

- the cost of raw materials represent a substantial portion of our operating expenses, and energy costs generally follow price trends of crude oil and 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;

- our U.S. operations have benefited from a low cost natural gas and associated NGL supply and regulations or disruptions to fracking in the U.S. could reduce the current benefits we receive;

- industry production capacities and operating rates may lead to periods of oversupply and low profitability; for example, there has been substantial capacity expansion announced in the U.S. olefins industry;

- uncertainties associated with worldwide economies, especially the current crisis in Europe and recent slowdown in Asia, could create reductions in demand and pricing, as well as increased counterparty risks, which could reduce liquidity or cause financial losses resulting from counterparty exposure;

- the negative outcome of any legal, tax and environmental proceedings may increase our costs;

- 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 may face operating interruptions due to events beyond our control at any of our facilities, which would negatively impact our operating results, and 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;

regulations may negatively impact our business by, among other things, restricting our operations, increasing costs of operations or requiring significant capital expenditures;

we face significant competition due to the commodity nature of many of our products and may not be able to protect our market position or otherwise pass on cost increases to our customers;

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we rely on continuing technological innovation, and an inability to protect our technology, or others technological developments could negatively impact our competitive position;

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;

we have substantial international operations, and in light of continued economic uncertainties, fluctuations in exchange rates, valuations of currencies and our ability 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; and

we are subject to the risks of doing business at a global level, including fluctuations in exchange rates, 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.

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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, 2011. Our exposure to such risks has not changed materially in the nine months ended September 30, 2012.

Item 4. CONTROLS AND PROCEDURES

As of September 30, 2012, 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 September 30, 2012.

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.

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PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Environmental Matters

From time to time we and our joint ventures receive notices or inquiries from federal, state or local governmental entities regarding alleged violations of environmental laws and regulations pertaining to, among other things, the disposal, emission and storage of chemical and petroleum substances, including hazardous wastes. Item 103 of the SEC s Regulation S-K requires disclosure of certain environmental matters when a governmental authority is a party to the proceedings and the proceedings involve potential monetary sanctions that we reasonably believe could exceed $100,000.

In September 2012, Harris County, Texas filed a lawsuit against our subsidiary, Equistar Chemicals, LP, in Harris County District Court in connection with four emissions events between September 2011 and March 2012 at our manufacturing plant in Channelview, Texas. The complaint alleges a maximum penalty of $200,000.

Litigation and Other Matters

Information regarding our litigation and other legal proceedings can be found under the Litigation and Other Matters section of Note 14, *Commitments and Contingencies*, to the Condensed Consolidated Financial Statements.

Item 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in Item 1A of our 2011 Annual Report on Form 10-K.

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

During the quarter ended September 30, 2012, we issued 3,746 shares upon exercise of warrants. The warrants originally were issued on April 30, 2010 with an exercise price of $15.90 per share. Pursuant to the terms of the warrant agreements, the exercise price was adjusted to $13.77 on November 25, 2011 as a result of the payment of our special dividend on December 16, 2011. We received total proceeds of $51,564 from the exercises.

The issuance of the warrants and the shares issued upon exercise of the warrants were exempt from the registration requirements of Section 5 of the Securities Act and any other applicable laws pursuant to Section 1145 of the Bankruptcy Code, which generally exempts distributions of securities in connection with plans of reorganization.

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None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs
July 1 July 31	- -	- -	- -	- -
August 1 August 31	- -	- -	- -	- -
September 1 September 30	79,063	$ 46.94	- -	- -
Total	79,063	$ 46.94	- -	- -

(1) On September 7, 2012, affiliates of Apollo Management Holdings L.P. sold 17.5 million of our shares at a price to the public of $46.94 per share. Pursuant to the terms of his restricted stock award agreement, the sales by Apollo caused 216,910 shares of our Chief Executive Officer s restricted stock to automatically vest. The Company withheld 79,063 shares to satisfy tax withholding obligations associated with the vesting. The staff of the SEC takes the position that withholding of restricted stock to pay taxes due upon vesting involves a reacquisition of outstanding shares that must be reported as repurchase of equity securities under this Item.

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Item 6. EXHIBITS

10.1	Receivables Purchase Agreement, dated September 11, 2012, by and among Lyondell Chemical Company, as initial servicer, and LYB Receivables LLC, a bankruptcy-remote special purpose entity that is a wholly-owned subsidiary of the Company, PNC National Association, as Administrator and LC Bank, certain conduit purchasers, committed purchasers, LC participants and purchaser agents that are parties thereto from time to time (incorporated by reference to Exhibit 10.1 to Form 8-K dated September 14, 2012)
10.2	Purchase and Sale Agreement, dated September 11, 2012, by and among Lyondell Chemical Company, Equistar Chemicals, LP and LyondellBasell Acetyls, LLC, the other originators from time to time parties thereto, Lyondell Chemical Company, as initial servicer and LYB Receivables LLC, a bankruptcy-remote special purpose entity that is a wholly-owned subsidiary of the Company (incorporated by reference to Exhibit 10.2 to Form 8-K dated September 14, 2012)
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

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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: October 26, 2012

/s/ Wendy M. Johnson
Wendy M. Johnson
Chief Accounting Officer
(Chief Accounting and Duly Authorized Officer)