

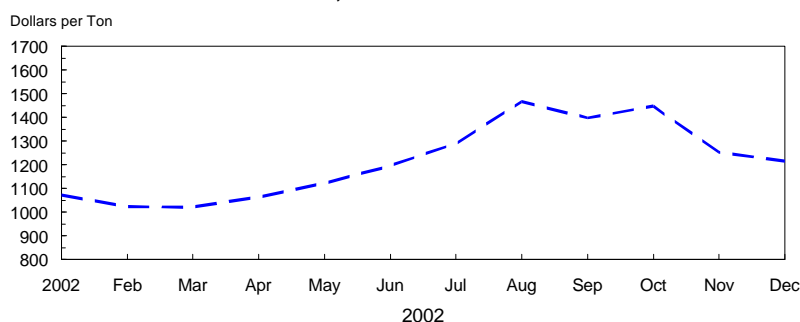
As one expects for this period of the year, demand for butanediol in Europe and in most other regions has declined and most contacted industry players considered the situation to be normal. It was also pointed out that clients were very cost-conscious and wanted to decrease their working capital to the minimum possible. Hence, most customers continued reducing their BDO inventory to a minimum by year-end. Several suppliers were optimistic as to demand for January and February, and a source indicated that orders confirmed this opinion. European suppliers said that Euro1200/ton prices were representative of the present outlook. However, major clients did not agree, and said that marked erosion had taken place since a month. Whilst the German producer was getting Euro1200-1250/ton prices in November, levels came down in the second half of December to Euro1150/ton, suggesting Euro1120/ton being offered for Q1 2003. As to demand, TPU players said that expectations were good but that footwear remained depressed. All contacted participants hoped that 2003 would be the year of recovery. Polyurethane outlets would continue to be more stable than the PBT and PTMEG applications.

US prices remained at 55-60 c/lb levels at representative clients, whilst Asian markets continued to fluctuate wildly in volume and pricing, which right now is eroding because of low demand. Players believed that the swing in Asia would continue throughout the year.

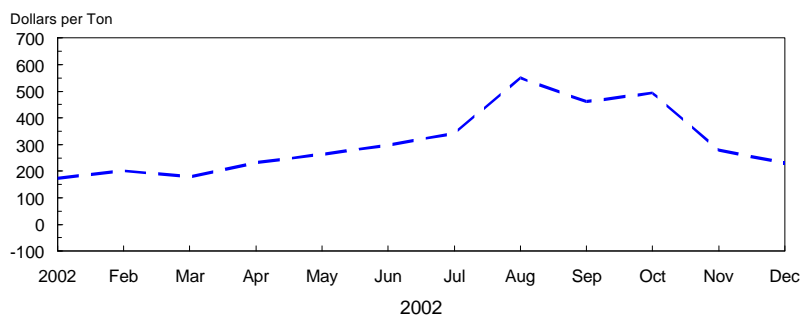
Lyondell's new plant operates very smoothly from a technical production viewpoint, and the major reportedly working hard to boost its merchant sales to make the plant run at full load. The plant's large size close to 15% of global BDO capacity make it the lowest cost unit in the world.

	Nov-02	Dec-02		Dec-02
US PRICES	c/lb	c/lb		\$/ton
1,4-Butanediol†	55-65	55-65	FOB	1213-1433
EUROPEAN PRICES	€/ton	€/ton		\$/ton
1,4-Butanediol	1150-1350	1150-1250		1161-1262
† Small consumer price				

**WEST EUROPEAN CONTRACT PRICES
1,4-BUTANEDIOL**



**1,4-BUTANEDIOL over 1.13 x MALEIC ANHYDRIDE
WEST EUROPEAN CONTRACT MARGINS**



**WEST EUROPEAN CONTRACT MARGINS
1,4-BUTANEDIOL over 0.693 x PROPYLENE OXIDE**

