WESTLAKE CHEMICAL CORP
Form 10-K
February 24, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2015

or

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period from to

Commission File No. 001-32260

Westlake Chemical Corporation
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	76-0346924 (I.R.S. Employer Identification No.)

2801 Post Oak Boulevard, Suite 600
Houston, Texas 77056
(Address of principal executive offices, including zip code)
(713) 960-9111
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No ý

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer x	Accelerated filer ¨	Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No ý

The aggregate market value of the registrant's voting stock held by non-affiliates of the registrant on June 30, 2015, the end of the registrant's most recently completed second fiscal quarter, based on a closing price on June 30, 2015 of $68.59 on the New York Stock Exchange was approximately $2.7 billion.

There were 130,218,346 shares of the registrant's common stock outstanding as of February 17, 2016.

DOCUMENTS INCORPORATED BY REFERENCE:

Certain information required by Part II and Part III of this Form 10-K is incorporated by reference from the registrant's definitive Proxy Statement to be filed pursuant to Regulation 14A with respect to the registrant's 2016 Annual Meeting of Stockholders to be held on May 10, 2016.

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INDUSTRY AND MARKET DATA

Industry and market data used throughout this Form 10-K were obtained through internal company research, surveys and studies conducted by unrelated third parties and publicly available industry and general publications, including information from IHS Chemical and Chemical Data, Inc. We have not independently verified market and industry data from external sources. While we believe internal company estimates are reliable and market definitions are appropriate, neither such estimates nor these definitions have been verified by any independent sources.

PRODUCTION CAPACITY

Unless we state otherwise, annual production capacity estimates used throughout this Form 10-K represent rated capacity of the facilities at December 31, 2015. We calculated rated capacity by estimating the number of days in a typical year that a production unit of a plant is expected to operate, after allowing for downtime for regular maintenance, and multiplying that number by an amount equal to the unit's optimal daily output based on the design feedstock mix. Because the rated capacity of a production unit is an estimated amount, actual production volumes may be more or less than the rated capacity.

NON-GAAP FINANCIAL MEASURES

The body of accounting principles generally accepted in the United States is commonly referred to as "GAAP." For this purpose, a non-GAAP financial measure is generally defined by the Securities and Exchange Commission ("SEC") as one that purports to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measures. In this report, we disclose so-called non-GAAP financial measures, primarily earnings before interest, taxes, depreciation and amortization ("EBITDA"). EBITDA is calculated as net income before interest expense, income taxes, depreciation and amortization. The non-GAAP financial measures described in this Form 10-K are not substitutes for the GAAP measures of earnings and cash flow.

EBITDA is included in this Form 10-K because our management considers it an important supplemental measure of our performance and believes that it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry, some of which present EBITDA when reporting their results. We regularly evaluate our performance as compared to other companies in our industry that have different financing and capital structures and/or tax rates by using EBITDA. In addition, we utilize EBITDA in evaluating acquisition targets. Management also believes that EBITDA is a useful tool for measuring our ability to meet our future debt service, capital expenditures and working capital requirements, and EBITDA is commonly used by us and our investors to measure our ability to service indebtedness. EBITDA is not a substitute for the GAAP measures of earnings or of cash flow and is not necessarily a measure of our ability to fund our cash needs. In addition, it should be noted that companies calculate EBITDA differently and, therefore, EBITDA as presented for us may not be comparable to EBITDA reported by other companies. EBITDA has material limitations as a performance measure because it excludes interest expense, depreciation and amortization, and income taxes.

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PART I

Item 1. Business

General

We are a vertically integrated global manufacturer and marketer of basic chemicals, vinyls, polymers and building products. Our products include some of the most widely used chemicals in the world, which are fundamental to many diverse consumer and industrial markets, including flexible and rigid packaging, automotive products, coatings, residential and commercial construction as well as other durable and non-durable goods. We operate in two principal operating segments, Olefins and Vinyls. We are highly integrated along our olefins product chain with significant downstream integration into polyethylene and styrene monomer. We are also an integrated global producer of vinyls with substantial downstream integration into polyvinyl chloride ("PVC") building products.

We began operations in 1986 after our first polyethylene plant, an Olefins segment business, near Lake Charles, Louisiana was acquired from Occidental Petroleum Corporation. We began our vinyls operations in 1990 with the acquisition of a vinyl chloride monomer ("VCM") plant in Calvert City, Kentucky from the Goodrich Corporation. In 1992, we commenced our Vinyls segment building products operations after acquiring three PVC pipe plants. Since 1986, we have grown rapidly into an integrated global producer of petrochemicals, vinyls, polymers and building products. We achieved this by acquiring existing plants or constructing new plants and completing numerous capacity or production line expansions. We regularly consider acquisitions and other internal and external growth opportunities that would be consistent with or complementary to our overall business strategy.

In 2014, we formed Westlake Chemical Partners LP ("Westlake Partners") to operate, acquire and develop facilities for the processing of natural gas liquids and related assets. Also in 2014, Westlake Partners completed an initial public offering of 12,937,500 common units (the "Westlake Partners IPO"). As of February 17, 2016, Westlake Partners' assets consist of a 13.3% limited partner interest in Westlake Chemical OpCo LP ("OpCo"), as well as the general partner interest in OpCo. Prior to the Westlake Partners IPO, OpCo's assets were wholly owned by us. OpCo's assets include two natural gas liquids processing facilities at our Lake Charles site, one natural gas liquids processing facility at our Calvert City site and a 200-mile common carrier ethylene pipeline that runs from Mont Belvieu, Texas to the Longview, Texas site, which includes our Longview polyethylene production facility. We retain an 86.7% limited partner interest in OpCo, a 52.2% limited partner interest in Westlake Partners (common and subordinated units), a general partner interest in Westlake Partners and incentive distribution rights. The operations of Westlake Partners are consolidated in our financial statements. We are party to certain agreements with Westlake Partners and OpCo whereby, among other things, OpCo sells us 95% of the ethylene it produces on a cost-plus basis that is expected to generate a fixed margin per pound of $0.10. We use this ethylene in the production processes of both our Olefins and Vinyls segments. For more information, see "—Olefins Business" and "—Vinyls Business" below.

We benefit from highly integrated production facilities that allow us to process raw materials into higher value-added chemicals and building products. As of February 17, 2016, we (directly and through OpCo and our 95% owned Asian joint venture) had 19.7 billion pounds per year of aggregate production capacity at 21 manufacturing sites in North America, Europe and Asia.

Olefins Business

Products

Olefins are the basic building blocks used to create a wide variety of petrochemical products. We manufacture ethylene (through OpCo), polyethylene, styrene and associated co-products at our manufacturing facility in Lake Charles and polyethylene at our Longview facility. We have two ethylene plants, which are owned by OpCo, two polyethylene plants and one styrene monomer plant at our Lake Charles site. We have three polyethylene plants and a specialty polyethylene wax plant at our Longview site.

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The following table illustrates our production capacities at February 17, 2016 by principal product and the primary end uses of these materials:

Product	Annual Capacity (Millions of pounds)	End Uses
Ethylene [(1)]	2,740	Polyethylene, ethylene dichloride ("EDC"), styrene, ethylene oxide/ethylene glycol
Low-Density Polyethylene ("LDPE")	1,500	High clarity packaging, shrink films, laundry and dry cleaning bags, ice bags, frozen foods packaging, bakery bags, coated paper board, cup stock, paper folding cartons, lids, closures and general purpose molding
Linear Low-Density Polyethylene ("LLDPE")	1,070	Heavy-duty films and bags, general purpose liners
Styrene	570	Consumer disposables, packaging material, appliances, paints and coatings, resins and building materials

(1) Production capacity owned by OpCo.

Ethylene. Ethylene is the world's most widely used petrochemical in terms of volume. It is the key building block used to produce a large number of higher value-added chemicals including polyethylene, EDC, VCM and styrene. OpCo has the capacity to produce 2.7 billion pounds of ethylene per year at our Lake Charles site, and we have the capability to consume all of OpCo's production that we purchase at Lake Charles to produce polyethylene and styrene monomer in our Olefins business and to produce VCM and EDC in our Vinyls business. OpCo also produces ethylene for our Vinyls segment at our Calvert City site, and substantially all of the ethylene we purchase from OpCo at Calvert City is used internally in the production of VCM. For OpCo's annual ethylene production that is purchased by us for our Vinyls business, see "Business—Vinyls Business." In addition, we (through OpCo) produce ethylene co-products including chemical grade propylene, crude butadiene, pyrolysis gasoline and hydrogen. We (through OpCo) sell our entire output of these co-products to external customers. OpCo currently plans to begin the upgrade and capacity expansion of its Petro 1 ethylene unit at our Lake Charles site in the second quarter of 2016.

Polyethylene. Polyethylene, the world's most widely consumed polymer, is used in the manufacture of a wide variety of film, coatings and molded product applications primarily used in packaging. Polyethylene is generally classified as either LDPE, LLDPE or high-density polyethylene ("HDPE"). The density correlates to the relative stiffness of the end-use products. The difference between LDPE and LLDPE is molecular, and products produced from LLDPE, in general, have higher strength properties than products produced from LDPE. LDPE exhibits better clarity and other physical properties and is used in end products such as bread bags, dry cleaning bags, food wraps, milk carton coatings and snack food packaging. LLDPE is used for higher film strength applications such as stretch film and heavy duty sacks. HDPE is used to manufacture products such as grocery, merchandise and trash bags, rigid plastic containers, plastic closures and pipe.

We are the leading producer of LDPE by capacity in North America and predominantly use the autoclave technology (versus tubular technology), which is capable of producing higher margin specialty polyethylene products. In 2015, our annual capacity of 1.5 billion pounds was available in numerous formulations to meet the needs of our diverse customer base. We also have the capacity to produce 1.1 billion pounds of LLDPE per year in various formulations. We produce LDPE and LLDPE at both Lake Charles and Longview. Our Lake Charles and Longview facilities also have the capability to produce HDPE. We sell polyethylene to external customers as a final product in pellet form.

Styrene. Styrene is used to produce derivatives such as polystyrene, acrylonitrile butadiene styrene, unsaturated polyester and synthetic rubber. These derivatives are used in a number of applications including consumer disposables, food packaging, housewares, paints and coatings, building materials, tires and toys. We produce styrene at our Lake Charles plant, where we have the capacity to produce 570 million pounds of styrene per year, all of which is sold to external customers.

Feedstocks

We are highly integrated along our olefins product chain. We (through OpCo) produce most of the ethylene required to produce our polyethylene, VCM and styrene. Ethylene can be produced from either petroleum liquid feedstocks, such as naphtha, condensates and gas oils, or from natural gas liquid feedstocks, such as ethane, propane and butane. Both of OpCo's Lake Charles ethylene plants use ethane as the primary feedstock. Pursuant to a feedstock supply agreement between us and OpCo, OpCo receives ethane feedstock at our Lake Charles site through several pipelines from a variety of suppliers in Texas

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and Louisiana. We own a 50% interest in a 104-mile natural gas liquids pipeline from Mont Belvieu to our Lake Charles site. OpCo owns a 200-mile ethylene pipeline that runs from Mont Belvieu to our Longview site.

In addition to ethylene supplied by OpCo, we also acquire ethylene from third parties in order to supply a portion of our ethylene requirements. We acquire butene and hexene to manufacture polyethylene and benzene to manufacture styrene. We receive butene and hexene at the Lake Charles site and hexene at the Longview site via rail car from several suppliers. We receive benzene via barges, ships and pipeline pursuant to short-term arrangements. We purchase butene and hexene pursuant to multi-year contracts, some of which are renewable for an additional term subject to either party to the contract notifying the other party that it does not wish to renew the contract. We purchase electricity for our Lake Charles facility under long-term industrial contracts.

Marketing, Sales and Distribution

We have an internal sales force that sells our products directly to our customers. Our polyethylene customers are some of the nation's largest producers of film and flexible packaging.

We and OpCo sell ethylene and ethylene co-products to external customers. OpCo's primary ethylene co-products are chemical grade propylene, crude butadiene, pyrolysis gasoline and hydrogen. Our and OpCo's sales are made under spot and long-term agreements.

We have storage agreements and exchange agreements that allow us and OpCo access to customers who are not directly connected to the pipeline system that we own. OpCo ships crude butadiene and pyrolysis gasoline by rail or truck. Additionally, we transport our polyethylene and styrene by rail or truck. Further, styrene can be transported by barge or ship.

No single customer accounted for 10% or more of net sales for the Olefins segment in 2015.

Competition

The markets in which our Olefins business operates are highly competitive. We compete on the basis of customer service, product deliverability, quality, consistency, performance and price. Our competitors in the ethylene, polyethylene and styrene markets are some of the world's largest chemical companies, including Chevron Phillips Chemical Company, The Dow Chemical Company, ExxonMobil Chemical Company, INEOS Group Limited, LyondellBasell Industries, N.V. and NOVA Chemicals Corporation.

Vinyls Business

Products

Principal products in our integrated Vinyls segment include PVC, VCM, EDC, chlorine, caustic soda and, through OpCo, ethylene. We also manufacture and sell building products fabricated from PVC, including pipe, fittings, profiles, foundation building products, fence and deck components, window and door components and film and sheet products. We manage our integrated Vinyls production chain, from the basic chemicals to finished building products, to optimize product margins and capacity utilization. Our primary North American chemical manufacturing facilities are located in our Calvert City and Geismar, Louisiana sites. Our Calvert City site includes an ethylene plant, which is owned by OpCo, a chlor-alkali plant, a VCM plant and a PVC plant. Our Geismar site includes a chlor-alkali plant, an EDC plant, a VCM plant and a PVC plant. Our European chemical manufacturing facilities are located in Germany and the United Kingdom and include two chlor-alkali plants, two VCM plants and six PVC plants. Our Asian manufacturing facility (through our 95% owned Asian joint venture) is located near Shanghai, in the People's Republic of China and includes a PVC plant and a PVC film and sheet plant. As of February 17, 2016, we owned 11 building product facilities.

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The following table illustrates our production capacities at February 17, 2016 by principal product and the end uses of these products:

Product [(1)]	Annual Capacity [(2)] (Millions of pounds)	End Uses
Specialty PVC	1,100	Automotive sealants, cable sheathing, medical applications and other consumer applications
Commodity PVC	2,820	Construction materials including pipe, siding, profiles for windows and doors, film and sheet for packaging and other consumer applications
VCM	3,320	PVC
Chlorine	2,200	VCM, organic/inorganic chemicals, bleach
Caustic Soda	2,420	Pulp and paper, organic/inorganic chemicals, neutralization, alumina
Ethylene [(3)]	630	VCM
Building Products	1,280	Pipe: water and sewer, plumbing, irrigation, conduit; fittings; profiles and foundation building products; window and door components; fence and deck components; film and sheet

(1) EDC, a VCM intermediate product, is not included in the table.
(2) Includes capacity related to our 95% owned Asian joint venture.
(3) Production capacity owned by OpCo.

PVC. PVC, the world's third most widely used plastic, is an attractive alternative to traditional materials such as glass, metal, wood, concrete and other plastic materials because of its versatility, durability and cost-competitiveness. PVC is produced from VCM, which is, in turn, made from chlorine and ethylene. PVC compounds are made by combining PVC resin with various additives in order to make either rigid and impact-resistant or soft and flexible compounds. The various compounds are then fabricated into end-products through extrusion, calendering, injection-molding or blow-molding. Flexible PVC compounds are used for wire and cable insulation, medical films and packaging, flooring, wall coverings, automotive interior and exterior trims and packaging. Rigid extrusion PVC compounds are commonly used in window frames, vertical blinds and construction products, including pipe and siding. Injection-molding PVC compounds are used in specialty products such as computer housings and keyboards, appliance parts and bottles. We have the capacity to produce 1.3 billion pounds and 600 million pounds of commodity PVC per year at our Calvert City facility and Geismar facility, respectively. In addition, we have the capacity to produce 1.1 billion pounds of specialty PVC per year at our European facilities and 620 million pounds and 300 million pounds of commodity PVC per year at our European and Asian facilities, respectively. We have the capacity to use a majority of our North American-produced PVC internally in the production of our building products. The remainder of our PVC, including the PVC produced at our European and Asian facilities, is sold to downstream fabricators and the international markets.

VCM. VCM is used to produce PVC, solvents and PVC-related products. We use ethylene and chlorine to produce VCM. We have the capacity to produce 1.3 billion pounds of VCM per year at our Calvert City facility, 550 million pounds per year at our Geismar facility and 1.5 billion pounds per year at our European facilities. Substantially all of our VCM is used internally in our PVC operations.

Chlorine and Caustic Soda. We combine salt and electricity to produce chlorine and caustic soda, commonly referred to as chlor-alkali, at our Calvert City, Geismar, Gendorf, Germany and Knapsack, Germany facilities. We use our chlorine production in our VCM and EDC plants. We currently have the capacity to supply all of our chlorine requirements internally. Our caustic soda is sold to external customers who use it for, among other things, the production of pulp and paper, organic and inorganic chemicals and alumina.

Ethylene. We use the ethylene we purchase that is produced by OpCo at Calvert City to produce VCM. OpCo's Calvert City ethylene plant has the capacity to produce approximately 40% of the ethylene required for our total VCM production. We obtain the remainder of the ethylene we need for our Vinyls business from OpCo's Lake Charles plant and from third party purchases. OpCo's Calvert City ethylene plant utilizes ethane feedstock and enables us, through OpCo, to enhance our vinyl chain integration. In January 2016, OpCo announced an expansion project to increase the ethylene capacity of its ethylene plant at our Calvert City facility. The expansion is expected to increase ethylene capacity by approximately 70 million pounds annually and is targeted for completion during the first half of 2017. Combined with other incremental capacity increases, the total ethylene capacity of OpCo's ethylene plant at our Calvert City facility is expected to increase to 730 million pounds annually at the completion of this project.

Building Products. Products made from PVC are used in construction materials ranging from water and sewer systems to home and commercial applications for fence, deck, window and door systems. We manufacture and market water, sewer, irrigation and conduit pipe products under the "North American Pipe" brand and specialty pipe, fittings, profiles and foundation building products under the "North American Specialty Products" brand. We also manufacture and market PVC fence, decking, windows and door profiles under the "Westech Building Products" brand. We manufacture film and sheet at our Asian facility for both Asian and global markets. All of our building products are sold to external customers. Predominantly all of the PVC we require for our building products is produced internally. We purchase the remainder of our PVC requirements at market prices. The combined capacity of our 11 building products plants is 1.3 billion pounds per year.

Feedstocks

We are highly integrated along our vinyls production chain. We produce most of the North American ethylene required by our Calvert City and Geismar facilities (through OpCo), and most of the VCM and all of the chlorine used in our Vinyls business. Ethylene produced at OpCo's Calvert City facility utilizes ethane feedstock. We purchase the ethylene required for our European facilities from a number of sources under various contracts. We have access to, and partially own, an ethylene pipeline in Germany. We purchase the salt required for our chlor-alkali plants pursuant to long-term contracts. We purchase electricity for our North American and European facilities under long-term industrial contracts. We purchase VCM for our Asian PVC plant on a spot basis.

Our Calvert City, Geismar and Asian facilities supply predominantly all of the PVC required for our building products plants. We may also purchase PVC at market prices, if needed. The remaining feedstocks for building products include pigments, fillers and stabilizers, which we purchase under short-term contracts based on prevailing market prices.

Marketing, Sales and Distribution

We have the capacity to use primarily all of our chlorine internally to produce VCM and EDC, most of which, in turn, is used to produce PVC. We sell substantially all of our caustic soda production to external customers. We have the capacity to use a majority of our North American-produced PVC internally in the production of our building products. The remainder of our PVC, including the PVC produced at our European and Asian facilities, is sold to downstream fabricators and the international markets.

We are the second largest manufacturer of PVC pipe by capacity in the United States. We sell a majority of our PVC pipe, fence, window, door profiles and film and sheet products through a combination of manufacturer's representatives and our internal sales force.

No single customer accounted for 10% or more of net sales for the Vinyls segment in 2015.

Competition

The markets in which our Vinyls business operates are highly competitive. Competition in the vinyls market is based on product availability, product performance, customer service and price. We compete in the vinyls market with other producers including Formosa Plastics Corporation, Axiall Corporation, Oxy Chem, LP, Shintech, Inc., Mexichem, S.A.B. de C.V., INOVYN ChlorVinyls Limited, VYNOVA Group and Kem One Group SAS.

Competition in the building products market is based on on-time delivery, product quality, customer service, product consistency and price. We compete in the building products market with other producers and fabricators including Diamond Plastics Corporation and JM Eagle.

Environmental and Other Regulation

As is common in our industry, obtaining, producing and distributing many of our products involves the use, storage, transportation and disposal of large quantities of toxic and hazardous materials, and our manufacturing operations require the generation and disposal of large quantities of hazardous wastes. We are subject to extensive, evolving and increasingly stringent international, national, state and local environmental laws, regulations and directives, which address, among other things, the following:

- emissions to the air;
- discharges to land or to surface and subsurface waters;

• other releases into the environment;

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- remediation of contaminated sites;
- generation, handling, storage, transportation, treatment and disposal of waste materials; and
- maintenance of safe conditions in the workplace.

We are subject to environmental laws and regulations that can impose civil and criminal sanctions and that may require us to mitigate the effects of contamination caused by the release or disposal of hazardous substances into the environment. Under one law, the U.S. Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), an owner or operator of property may be held strictly liable for remediating contamination without regard to whether that person caused the contamination, and without regard to whether the practices that resulted in the contamination were legal at the time they occurred. Because several of our production sites have a history of industrial use, it is impossible to predict precisely what effect these legal requirements will have on us.

The Federal Clean Air Act. The Clean Air Act ("CAA") and its implementing regulations, as well as the corresponding state laws and regulations, impose permitting requirements and emission control requirements relating to specific air pollutants, as well as the requirement for certain facilities to maintain a risk management program to help prevent accidental releases of certain substances. Air quality standards promulgated pursuant to the CAA may require the installation of new or additional emission control equipment or changes in facility operations. If new controls or changes to operations are needed, the costs could be significant. In addition, failure to comply with the requirements of the CAA, its implementing regulations, and permits issued under the CAA, could result in fines, penalties or other sanctions.

Release Reporting. The release of hazardous substances or extremely hazardous substances into the environment is subject to release reporting requirements under federal and state environmental laws, including the Emergency Planning and Community Right-to-Know Act. If we fail to properly report a release, or if the release violates the law or our permits, it could cause us to become the subject of a governmental enforcement action or third-party claims, which could result in significant liability.

Clean Water Act. The Clean Water Act ("CWA") and analogous state laws impose restrictions and strict controls with respect to the discharge of pollutants, including spills and leaks of oil and other substances, into waters of the U.S. Federal and state regulatory agencies can impose administrative, civil and criminal penalties for non-compliance with discharge permits or noncompliance with other requirements of the CWA and analogous state laws and regulations.

Waste Management. The Resource Conservation and Recovery Act ("RCRA") and analogous state laws establish stringent requirements for the generation, handling, storage, transportation, and disposal of hazardous wastes. At facilities where hazardous wastes have been spilled, released into the environment, or disposed, these laws may require costly investigations, studies, and response actions, possibly including removal and re-disposal of any such wastes. RCRA also establishes extensive recordkeeping, reporting and permitting requirements. We generate large quantities of hazardous wastes in connection with our operations, and could incur significant liabilities under RCRA and similar laws for any mismanagement or other improper or unauthorized handling of such wastes.

European Regulations. Under the Industrial Emission Directive ("IED"), European Union member state governments are expected to adopt rules and implement environmental permitting programs relating to air, water and waste for industrial facilities. In this context, concepts such as BAT ("best available technique") are being explored. Future implementation of these concepts may result in technical modifications to our European facilities. In addition, under the Environmental Liability Directive, European Union member states can require the remediation of soil and groundwater contamination in certain circumstances, under the "polluter pays principle." We are unable to predict the impact these requirements and concepts may have on our future costs of compliance.

Contract Disputes with Goodrich and PolyOne. In connection with the 1990 and 1997 acquisitions of the Goodrich Corporation ("Goodrich") chemical manufacturing facility in Calvert City, Goodrich agreed to indemnify us for any liabilities related to preexisting contamination at the site. For our part, we agreed to indemnify Goodrich for post-closing contamination caused by our operations. The soil and groundwater at the site, which does not include our nearby PVC facility, had been extensively contaminated under Goodrich's operations. In 1993, Goodrich spun off the predecessor of PolyOne Corporation ("PolyOne"), and that predecessor assumed Goodrich's indemnification obligations relating to preexisting contamination.

In 2003, litigation arose among us, Goodrich and PolyOne with respect to the allocation of the cost of remediating contamination at the site. The parties settled this litigation in December 2007 and the case was dismissed. In the settlement the parties agreed that, among other things: (1) PolyOne would pay 100% of the costs (with specified exceptions), net of recoveries or credits from third parties, incurred with respect to environmental issues at the Calvert City site from August 1, 2007 forward; (2) either we or PolyOne might, from time to time in the future (but not more than once every five years), institute an arbitration proceeding to adjust that percentage; and (3) we and PolyOne would negotiate a new environmental remediation utilities and services agreement to cover our provision to, or on behalf of, PolyOne of certain environmental remediation services at the site. The current environmental remediation activities at the Calvert City site do not have a specified termination date but are expected to last for the foreseeable future. The costs incurred by us that have been invoiced to PolyOne to provide the environmental remediation services were $2.2 million and $2.8 million in 2015 and 2014, respectively. By letter dated March 16, 2010, PolyOne notified us that it was initiating an arbitration proceeding under the settlement agreement. In this proceeding, PolyOne sought to readjust the percentage allocation of costs and to recover approximately $1.4 million from us in reimbursement of previously paid remediation costs. In December 2015, the arbitration panel dismissed the proceeding with prejudice. In a separate proceeding in Ohio state court, we are seeking certain insurance documents from PolyOne.

State Administrative Proceedings. There are several administrative proceedings in Kentucky involving us, Goodrich and PolyOne related to the same manufacturing site in Calvert City. In 2003, the Kentucky Environmental and Public Protection Cabinet (the "Cabinet") re-issued Goodrich's RCRA permit which requires Goodrich to remediate contamination at the Calvert City manufacturing site. Both Goodrich and PolyOne challenged various terms of the permit in an attempt to shift Goodrich's clean-up obligations under the permit to us. We intervened in the proceedings. The Cabinet has suspended all corrective action under the RCRA permit in deference to a remedial investigation and feasibility study ("RIFS") being conducted, under the auspices of the U.S. Environmental Protection Agency ("EPA"), pursuant to an Administrative Settlement Agreement ("AOC"), which became effective on December 9, 2009. See "Federal Administrative Proceedings" below. The proceedings have been postponed. Periodic status conferences will be held to evaluate whether additional proceedings will be required.

Federal Administrative Proceedings. In May 2009, the Cabinet sent a letter to the EPA requesting the EPA's assistance in addressing contamination at the Calvert City site under CERCLA. In its response to the Cabinet also in May 2009, the EPA stated that it concurred with the Cabinet's request and would incorporate work previously conducted under the Cabinet's RCRA authority into the EPA's cleanup efforts under CERCLA. Since 1983, the EPA has been addressing contamination at an abandoned landfill adjacent to our plant which had been operated by Goodrich and which was being remediated pursuant to CERCLA. The EPA has directed Goodrich and PolyOne to conduct additional investigation activities at the landfill and at our plant. In June 2009, the EPA notified us that we may have potential liability under section 107(a) of CERCLA at our plant site. Liability under section 107(a) of CERCLA is strict and joint and several. The EPA also identified Goodrich and PolyOne, among others, as potentially responsible parties at the plant site. We negotiated, in conjunction with the other potentially responsible parties, an AOC and an order to conduct a RIFS. On July 12, 2013, the parties submitted separate draft RIFS reports to the EPA. The EPA has hired a contractor to complete the remedial investigation report.

Monetary Relief. Except as noted above, with respect to the settlement of the contract litigation among us, Goodrich and PolyOne, none of the court, the Cabinet nor the EPA has established any allocation of the costs of remediation among the various parties that are involved in the judicial and administrative proceedings discussed above. At this time, we are not able to estimate the loss or reasonable possible loss, if any, on our financial statements that could result from the resolution of these proceedings. Any cash expenditures that we might incur in the future with respect to the remediation of contamination at the site would likely be spread out over an extended period. As a result, we believe it is unlikely that any remediation costs allocable to us will be material in terms of expenditures made in any individual reporting period.

Potential Flare Modifications. For several years, the EPA has been conducting an enforcement initiative against petroleum refineries and petrochemical plants with respect to emissions from flares. A number of companies have entered into consent agreements with the EPA requiring both modifications to reduce flare emissions and the installation of additional equipment to better track flare operations and emissions. On April 21, 2014, we received a Clean Air Act Section 114 Information Request from the EPA which sought information regarding flares at the Calvert City and Lake Charles facilities. The EPA has informed us that the information provided leads the EPA to believe that some of the flares are out of compliance with applicable standards. The EPA has demanded that we conduct additional flare sampling and provide supplemental information. We are currently in negotiations with the EPA regarding these demands. The EPA has indicated that it is seeking a consent decree that would obligate us to take corrective actions relating to the alleged noncompliance. We have not agreed that any flares are out of compliance or that any corrective actions are warranted. Depending on the outcome of our negotiations with the EPA, additional controls on emissions from our flares may be required and these could result in increased capital and operating costs.

Louisiana Notice of Violations. The Louisiana Department of Environmental Quality ("LDEQ") has issued notices of violations ("NOVs") regarding our assets for various air compliance issues. We are working with LDEQ to settle these claims, and a global settlement of all claims is being discussed. We have reached a verbal agreement with the LDEQ to settle certain of the NOVs in two separate settlements for a combined $192,000 in civil penalties. We do not believe that any settlements for the remaining NOVs will have a material adverse effect on our financial condition, results of operations or cash flows.

Greenhouse Gases. Various jurisdictions have considered or adopted laws and regulations on greenhouse gas ("GHG") emissions, with the general aim of reducing such emissions. The EPA currently requires certain industrial facilities to report

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their GHG emissions, and to obtain permits with stringent control requirements before constructing or modifying new facilities with significant GHG emissions. In the European Union, the Emissions Trading Scheme obligates certain emitters to obtain GHG emission allowances to comply with a cap and trade system for GHG emissions. As our chemical manufacturing processes result in GHG emissions, these and other GHG laws and regulations could affect our costs of doing business.

Chemical Safety. Assessments under government programs on chemical safety could adversely affect our business by increasing our costs of production and reducing demand for our products, through new requirements on the production, handling, labeling or use of those chemicals. For example, in the European Union, the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") is designed to identify the intrinsic properties of chemical substances, assess hazards and risks of the substances, and identify and implement risk management measures to protect humans and the environment. In the United States, the National Toxicology Program seeks to identify and select for study chemicals and other substances to evaluate potential human health hazards.

General. It is our policy to comply with all environmental, health and safety requirements and to provide safe and environmentally sound workplaces for our employees. In some cases, compliance can be achieved only by incurring capital expenditures. In 2015, we made capital expenditures of $21.4 million related to environmental compliance. We estimate that we will make capital expenditures of approximately $24.1 million in 2016 and $23.8 million in 2017, respectively, related to environmental compliance. Capital expenditures related to environmental compliance have been relatively higher in 2015 in large part due to EPA regulations and increasingly stringent requirements associated with environmental permits. We expect to incur further capital expenditures related to EPA regulations and requirements in 2016 and 2017. The remainder of the 2016 and 2017 estimated amounts are related to equipment replacement and upgrades. We anticipate that stringent environmental regulations will continue to be imposed on us and the industry in general. Although we cannot predict with certainty future expenditures, management believes that our current spending trends will continue.

It is difficult to estimate the future costs of environmental protection and remediation because of many uncertainties, including uncertainties about the status of laws, regulations and information related to individual locations and sites and our ability to rely on third parties to carry out such remediation. Subject to the foregoing, but taking into consideration our experience regarding environmental matters of a similar nature and facts currently known, and except for the outcome of pending litigation and regulatory proceedings, which we cannot predict, but which could have a material adverse effect on us, we believe that capital expenditures and remedial actions to comply with existing laws governing environmental protection will not have a material adverse effect on our business and financial results.

Employees

As of December 31, 2015, we had approximately 4,225 employees in the following areas:

Category	Number
Olefins segment	1,000
Vinyls segment	3,050
Corporate and other	175

Approximately 32% of our employees are represented by labor unions, and all of these union employees are working under collective bargaining agreements. In the United States, approximately 9% of our employees are represented by labor unions and are working under collective bargaining agreements that will expire in 2019. In Europe, we have multiple collective bargaining agreements, with varying expiration years, covering different groups of our work force. There have been no strikes or lockouts, and we have not experienced any work stoppages throughout our history. We believe that our relationship with our employees and unions is open and positive.

Technology

Historically, our technology strategy has been to selectively acquire licenses from third-parties, as well as develop our own proprietary technology. Our selection process incorporates many factors, including the cost of the technology, the ability to meet our customers' requirements, raw material and energy consumption rates, product quality, capital costs, maintenance requirements and reliability. Most of the technology licensed from third-party providers is perpetual and has been paid in full. We own an intellectual property portfolio developed from focused research in both process and product technology. After acquiring or developing a technology, we devote considerable effort to effectively employ the technology and further its development, with a focus towards continuous improvement of our competitive positions.

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Conversely, we have selectively granted licenses to our patented Energx® technology for LLDPE production and for proprietary LDPE reactor mixing technology. We have also granted several licenses for EDC/VCM technology, including the direct chlorination process and catalyst, and S-PVC process and technology.

Segment and Geographic Information

Information regarding sales, income from operations and assets attributable to our Olefins and Vinyls segments, and geographical information is presented in Note 23 to our consolidated financial statements included in Item 8 of this Form 10-K.

Available Information

Our Web site address is www.westlake.com. We make our Web site content available for information purposes only. It should not be relied upon for investment purposes, nor is it incorporated by reference in this Form 10-K. We make available on this Web site under "Investor Relations/SEC Filings," free of charge, our proxy statements, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those materials as soon as reasonably practicable after we electronically file those materials with, or furnish those materials to, the SEC. The SEC also maintains a Web site at www.sec.gov that contains reports, proxy statements and other information regarding SEC registrants, including us.

We intend to satisfy the requirement under Item 5.05 of Form 8-K to disclose any amendments to our Code of Ethics and any waiver from a provision of our Code of Ethics by posting such information on our Web site at www.westlake.com under "Investor Relations/Corporate Governance."

Item 1A. Risk Factors

Cyclicality in the petrochemical industry has in the past, and may in the future, result in reduced operating margins or operating losses.

Our historical operating results reflect the cyclical and volatile nature of the petrochemical industry. The industry is mature and capital intensive. Margins in this industry are sensitive to supply and demand balances both domestically and internationally, which historically have been cyclical. The cycles are generally characterized by periods of tight supply, leading to high operating rates and margins, followed by periods of oversupply primarily resulting from excess new capacity additions, leading to reduced operating rates and lower margins.

Moreover, profitability in the petrochemical industry is affected by the worldwide level of demand along with vigorous price competition which may intensify due to, among other things, new industry capacity. In general, weak economic conditions either in the United States, Europe or the rest of the world tend to reduce demand and put pressure on margins. It is not possible to predict accurately the supply and demand balances, market conditions and other factors that will affect industry operating margins in the future.

New olefins capacity additions in Asia, the Middle East and North America, a number of which have been announced in recent years, may lead to periods of over-supply and lower profitability. As a result, our Olefins segment operating margins may be negatively impacted.

Continued slow recovery in the U.S. construction markets and budgetary constraints in municipal spending have contributed to lower North American demand for our vinyls products. Likewise, European industry production capacities currently exceed demand in the region, largely due to the weak economic environment in Europe. Looking forward, our Vinyls segment operating rates and margins may continue to be negatively impacted by the slow recovery of the U.S. construction markets and the European economy.

We sell commodity products in highly competitive markets and face significant competition and price pressure.

We sell our products in highly competitive markets. Due to the commodity nature of many of our products, competition in these markets is based primarily on price and to a lesser extent on performance, product quality, product deliverability and customer service. As a result, we generally are not able to protect our market position for these products by product differentiation and may not be able to pass on cost increases to our customers. Accordingly, increases in raw material and other costs may not necessarily correlate with changes in prices for these products, either in the direction of the price change or in magnitude. Specifically, timing differences in pricing between raw material prices, which may change daily, and contract product prices, which in many cases are negotiated monthly or less often, sometimes with an additional lag in effective dates for increases, have had and may continue to have a negative effect on profitability. Significant volatility in raw material costs tends to place pressure on product margins as sales price increases could lag behind raw material cost increases. Conversely, when raw material costs decrease, customers could seek relief in the form of lower sales prices.

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Volatility in costs of raw materials and energy may result in increased operating expenses and adversely affect our results of operations and cash flow.

Significant variations in the costs and availability of raw materials and energy may negatively affect our results of operations. These costs have risen significantly in the past due primarily to oil and natural gas cost increases. We purchase significant amounts of ethane feedstock, natural gas, ethylene and salt to produce several basic chemicals. We also purchase significant amounts of electricity to supply the energy required in our production processes. The cost of these raw materials and energy, in the aggregate, represents a substantial portion of our operating expenses. The prices of raw materials and energy generally follow price trends of, and vary with market conditions for, crude oil and natural gas, which are highly volatile and cyclical. Changes to regulatory policies applicable to the German energy sector for industrial users have contributed to higher prices for industrial users of energy in the future. Our results of operations have been and could in the future be significantly affected by increases in these costs.

Price increases increase our working capital needs and, accordingly, can adversely affect our liquidity and cash flow. In addition, because we utilize the first-in, first-out ("FIFO") method of inventory accounting, during periods of falling raw material prices and declining sales prices, our results of operations for a particular reporting period could be negatively impacted as the lower sales prices would be reflected in operating income more quickly than the corresponding drop in feedstock costs. We use derivative instruments in an attempt to reduce price volatility risk on some feedstock commodities. In the future, we may decide not to hedge any of our raw material costs or any hedges we enter into may not have successful results. Also, our hedging activities involve credit risk associated with our hedging counterparties, and a deterioration in the financial markets could adversely affect our hedging counterparties and their abilities to fulfill their obligations to us.

Lower prices of crude oil, such as those experienced since the third quarter of 2014 and continuing through 2015 (as of December 31, 2015, over 65% lower than their 2014 peak levels), have led to a reduction in the cost advantage for natural gas liquids-based ethylene crackers in North America, such as ours, as compared to naphtha-based ethylene crackers that use crude oil derivatives. As a result, our margins and cash flow have been and may continue to be negatively impacted. This impact could be magnified to the extent crude oil prices drop even further and depending on how long prices remain at these levels. Lower crude oil and natural gas prices could lead to a reduction in hydraulic fracturing in the United States, which could reduce the availability of feedstock and increase prices of feedstock for our operations. Higher natural gas prices could also adversely affect our ability to export products that we produce in the United States outside of the United States. In addition to the impact that this has on our exports from the United States, reduced competitiveness of U.S. producers also has in the past increased the availability of chemicals in North America, as U.S. production that would otherwise have been sold overseas was instead offered for sale domestically, resulting in excess supply and lower prices in North America. We could also face the threat of imported products from countries that have a cost advantage. Additionally, the export of natural gas liquids from the United States or greater restrictions on hydraulic fracturing could restrict the availability of our raw materials in the United States, thereby increasing our costs.

External factors beyond our control can cause fluctuations in demand for our products and in our prices and margins, which may negatively affect our results of operations and cash flow.

External factors beyond our control can cause volatility in raw material prices, demand for our products, product prices and volumes and deterioration in operating margins. These factors can also magnify the impact of economic cycles on our business and results of operations. Examples of external factors include:

- general economic conditions, including in the United States, Europe and Asia;
- new capacity additions in North America, Asia and the Middle East;
- the level of business activity in the industries that use our products;
- competitor action;
- technological innovations;
- currency fluctuations;
- increases in interest rates;
- international events and circumstances;
- war, terrorism and civil unrest;

- governmental regulation, including in the United States, Europe and Asia;
- severe weather and natural disasters; and
- credit worthiness of customers and vendors.

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A number of our products are highly dependent on durable goods markets, such as housing and construction, which are themselves particularly cyclical. The significant weakening of the U.S. residential housing market since 2006 and continued economic weakness in Europe has had an adverse effect on demand and margins for our products. If the global economy worsens in general, or the U.S. residential housing market or the European economy worsens in particular, demand for our products and our income and cash flow could be adversely affected to an even greater degree.

We may reduce production at or idle a facility for an extended period of time or exit a business because of high raw material prices, an oversupply of a particular product and/or a lack of demand for that particular product, which makes production uneconomical. Temporary outages sometimes last for several quarters or, in certain cases, longer and cause us to incur costs, including the expenses of maintaining and restarting these facilities. Factors such as increases in raw material costs or lower demand in the future may cause us to further reduce operating rates, idle facilities or exit uncompetitive businesses.

Hostilities in the Middle East, the Commonwealth of Independent States (including Ukraine) or elsewhere or the occurrence, or threat of occurrence, of terrorist attacks could adversely affect the economies of the United States, Europe and other developed countries. A lower level of economic activity could result in a decline in demand for our products, which could adversely affect our net sales and margins and limit our future growth prospects. Volatility in prices for crude oil and natural gas could also result in increased feedstock costs. Furthermore, sustained lower prices of crude oil, such as the prices experienced since the third quarter of 2014 and continuing through 2015, have led and may continue to lead to lower margins in the United States. In addition, these risks could cause increased instability in the financial and insurance markets and could adversely affect our ability to access capital and to obtain insurance coverage that we consider adequate or is otherwise required by our contracts with third parties.

We operate internationally and are subject to related risks, including exchange rate fluctuations, exchange controls, political risk and other risks relating to international operations.

We operate internationally and are subject to the risks of doing business on a global basis. These risks include, but are not limited to, fluctuations in currency exchange rates, currency devaluations, imposition of trade barriers, imposition of tariffs and duties, restrictions on the transfer of funds, changes in law and regulatory requirements, involvement in judicial proceedings in unfavorable jurisdictions, economic instability and disruptions, political unrest and epidemics. Our operating results could be negatively affected by any of these risks.

A deterioration in global economic conditions may have a negative impact on our business and financial condition.

A deterioration in global economic conditions, including continued economic weakness in Europe, may have a negative impact on our business and our financial condition. Our ability to access the capital markets may be severely restricted at a time when we would like, or need, to access such markets, which could have an impact on our flexibility to react to changing economic and business conditions. In addition, the availability of additional financing at cost effective interest rates cannot be assured. A deterioration in global economic conditions, including continued economic weakness in Europe, could have an impact on the lenders under our revolving credit facility or on our customers and suppliers, causing them to fail to meet their obligations to us. Additionally, a deterioration in global economic conditions could result in reduced demand for our products, which would have a negative impact on our revenues and profits. Further, reduced levels of accounts receivables and inventory may affect our credit facility borrowing base. Our credit facility allows us to borrow up to (1) 85% of the net amount of eligible accounts receivable, plus (2) the lesser of (a) 70% of the value of the lower of cost or market of eligible inventory, or (b) 85% of the appraised net orderly liquidation value of all eligible inventory, plus (3) 100% of cash held in an account with the agent under the credit facility and subject to a control agreement with the agent, minus (4) such reserves as the agent may establish. Europe's economic recovery has been slow relative to the United States. If Europe does not experience a meaningful economic recovery, it may have a continued negative effect on our European business.

Our inability to compete successfully may reduce our operating profits.

The petrochemical industry is highly competitive. Historically, there have been a number of mergers, acquisitions, spin-offs and joint ventures in the industry. This restructuring activity has resulted in fewer but more competitive producers, many of which are larger than we are and have greater financial resources than we do. Among our competitors are some of the world's largest chemical companies and chemical industry joint ventures. Competition within the petrochemical industry and in the manufacturing of building products is affected by a variety of factors, including:

- product price;
- technical support and customer service;
- quality;
- reliability of raw material and utility supply;

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- availability of potential substitute materials; and
- product performance.

Changes in the competitive environment could have a material adverse effect on our business and our operations. These changes could include:

- the emergence of new domestic and international competitors;
- the rate of capacity additions by competitors;
- changes in customer base due to mergers;
- the intensification of price competition in our markets;
- the introduction of new or substitute products by competitors; and
- the technological innovations of competitors.

Our production facilities process some volatile and hazardous materials that subject us to operating risks that could adversely affect our operating results.

We have four chemical manufacturing sites in the United States, six chemical manufacturing sites in Europe and one chemical manufacturing site in Asia. Our operations are subject to the usual hazards associated with chemical and plastics manufacturing and the related use, storage, transportation and disposal of feedstocks, products and wastes, including:

- pipeline leaks and ruptures;
- explosions;
- fires;
- severe weather and natural disasters;
- mechanical failure;
- unscheduled downtime;
- labor difficulties;
- transportation interruptions;
- chemical spills;
- discharges or releases of toxic or hazardous substances or gases;
- storage tank leaks;
- other environmental risks;
- terrorist attacks; and
- political unrest.

According to some experts, global climate change could result in heightened hurricane activity in the Gulf of Mexico and other weather and natural disaster hazards worldwide. If this materializes, severe weather and natural disaster hazards could pose an even greater risk for our facilities, particularly those in Louisiana.

All these hazards can cause personal injury and loss of life, catastrophic damage to or destruction of property and equipment and environmental damage, and may result in a suspension of operations and the imposition of civil or criminal penalties. We could become subject to environmental claims brought by governmental entities or third parties. A loss or shutdown over an extended period of operations at any one of our chemical manufacturing facilities would have a material adverse effect on us. We maintain property, business interruption and casualty insurance that we believe is in accordance with customary industry practices, but we cannot be fully insured against all potential hazards incident to our business, including losses resulting from war risks or terrorist acts. As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially and, in some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our financial position.

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We may pursue acquisitions, dispositions and joint ventures and other transactions that may impact our results of operations and financial condition.

We seek opportunities to maximize efficiency and create stockholder value through various transactions. These transactions may include various domestic and international business combinations, purchases or sales of assets or contractual arrangements or joint ventures that are intended to result in the realization of synergies, the creation of efficiencies or the generation of cash to reduce debt. In this regard, we regularly consider acquisition opportunities that would be consistent or complementary to our existing business strategies. To the extent permitted under our credit facility, the indenture governing our senior notes and other debt agreements, some of these transactions may be financed by additional borrowings by us. Although we would pursue these transactions because we expect them to yield longer-term benefits if the efficiencies and synergies we expect are realized, they could adversely affect our results of operations in the short term because of the costs associated with such transactions and because they may divert management's attention from existing business operations. Other transactions may advance future cash flows from some of our businesses, thereby yielding increased short-term liquidity, but consequently resulting in lower cash flows from these operations over the longer term. These transactions may not yield the business benefits, synergies or financial benefits anticipated by management. Integration of acquired operations can lead to restructuring charges or other costs. We may have difficulties integrating the operations of acquired businesses.

Our operations and assets are subject to extensive environmental, health and safety laws and regulations.

We use large quantities of hazardous substances and generate large quantities of hazardous wastes and emissions in our manufacturing operations. Due to the large quantities of hazardous substances and wastes, our industry is highly regulated and monitored by various environmental regulatory authorities. As such, we are subject to extensive international, national, state and local laws, regulations and directives pertaining to pollution and protection of the environment, health and safety, which govern, among other things, emissions to the air, discharges onto land or waters, the maintenance of safe conditions in the workplace, the remediation of contaminated sites, and the generation, handling, storage, transportation, treatment and disposal of waste materials. Some of these laws, regulations and directives are subject to varying and conflicting interpretations. Many of these laws, regulations and directives provide for substantial fines and potential criminal sanctions for violations and require the installation of costly pollution control equipment or operational changes to limit pollution emissions or reduce the likelihood or impact of hazardous substance releases, whether permitted or not. For example, all of our petrochemical facilities in the United States and Europe may require improvements to comply with certain changes in process safety management requirements.

New laws, rules and regulations as well as changes to laws, rules and regulations may also affect us. For example, on April 17, 2012, the EPA promulgated MACT standards for major sources and generally available control technology ("GACT") standards for area sources of PVC production. The rule sets emission limits and work practice standards for total organic air toxics and for three specific air toxics: vinyl chloride, chlorinated di-benzo dioxins and furans ("CD/DF"), and hydrogen chloride and includes requirements to demonstrate initial and continuous compliance with the emission standards. Similarly, the Toxic Substances Control Act ("TSCA") imposes reporting, record-keeping and testing requirements, and restrictions relating to the production, handling, and use of chemical substances. In December 2015, the U.S. Senate passed its version of a TSCA reform bill. The U.S. House of Representatives had previously passed a similar bill in June 2015. If the two bills are reconciled and TSCA reform becomes law, it could change the way TSCA applies or is applied to our operations. This law or future new, amended or proposed laws or rules may result in an increase in regulations, which could increase our costs or reduce our production, which could have a material adverse effect on our business, financial condition, operating results or cash flow. In addition, we cannot accurately predict future developments, such as increasingly strict environmental and safety laws or regulations, and inspection and enforcement policies, as well as resulting higher compliance costs, which might affect the handling, manufacture, use, emission, disposal or remediation of products, other materials or hazardous and non-hazardous waste, and we cannot predict with certainty the extent of our future liabilities and costs under environmental, health and safety laws and regulations. These liabilities and costs may be material.

Our operations produce GHG emissions, which have been the subject of increased scrutiny and regulation. In 2005, the Kyoto Protocol to the 1992 United Nations Framework Convention on Climate Change, which establishes a binding set of emission targets for GHG emissions, became binding on the countries that had ratified it. In 2015, the United Nations Conference on Climate Change created the Paris Agreement, which will be open for signing on April 22, 2016. The Paris Agreement will require countries to review and "represent a progression" in their intended nationally determined contributions, which set GHG emission reduction goals, every five years beginning in 2020. Legislation to regulate GHG emissions has also been introduced in the United States Congress, and there has been a wide-ranging policy debate regarding the impact of these gases and possible means for their regulation. Some of the proposals would require industries to meet stringent new standards that would require substantial reductions in carbon emissions. Those reductions could be costly and difficult to implement.

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Various jurisdictions have considered or adopted laws and regulations on GHG emissions, with the general aim of reducing such emissions. The EPA currently requires certain industrial facilities to report their GHG emissions, and to obtain permits with stringent control requirements before constructing or modifying new facilities with significant GHG emissions. In the European Union, the Emissions Trading Scheme obligates certain emitters to obtain GHG emission allowances to comply with a cap and trade system for GHG emissions. As our chemical manufacturing processes result in GHG emissions, these and other GHG laws and regulations could affect our costs of doing business.

Under the IED, European Union member state governments are expected to adopt rules and implement environmental permitting programs relating to air, water and waste for industrial facilities. In this context, concepts such as BAT are being explored. Future implementation of these concepts may result in technical modifications in our European facilities. In addition, under the Environmental Liability Directive, European Union member states can require the remediation of soil and groundwater contamination in certain circumstances, under the "polluter pays principle." We are unable to predict the impact these requirements and concepts may have on our future costs of compliance.

We also may face liability for alleged personal injury or property damage due to exposure to chemicals or other hazardous substances at our facilities or to chemicals that we otherwise manufacture, handle or own. Although these types of claims have not historically had a material impact on our operations, a significant increase in the success of these types of claims could have a material adverse effect on our business, financial condition, operating results or cash flow.

Environmental laws may have a significant effect on the nature and scope of, and responsibility for, cleanup of contamination at our current and former operating facilities, the costs of transportation and storage of raw materials and finished products, the costs of reducing emissions and the costs of the storage and disposal of wastewater. CERCLA, similar state laws and certain European directives impose joint and several liability for the costs of remedial investigations and actions on the entities that generated waste, arranged for disposal of the wastes, transported to or selected the disposal sites and the past and present owners and operators of such sites. All such potentially responsible parties (or any one of them, including us) may be required to bear all of such costs regardless of fault, legality of the original disposal or ownership of the disposal site. In addition, CERCLA, similar state laws and certain European directives could impose liability for damages to natural resources caused by contamination.

Although we seek to take preventive action, our operations are inherently subject to accidental spills, discharges or other releases of hazardous substances that may make us liable to governmental entities or private parties. This may involve contamination associated with our current and former facilities, facilities to which we sent wastes or by-products for treatment or disposal and other contamination. Accidental discharges may occur in the future, future action may be taken in connection with past discharges, governmental agencies may assess damages or penalties against us in connection with any past or future contamination, or third parties may assert claims against us for damages allegedly arising out of any past or future contamination. In addition, we may be liable for existing contamination related to certain of our facilities for which, in some cases, we believe third parties are liable in the event such third parties fail to perform their obligations. For further discussion of such existing contamination, see Item 1, "Business—Environmental and Other Regulation."

Capital projects are subject to risks, including delays and cost overruns, which could have an adverse impact on our financial condition and results of operations.

We have announced capital expansion plans for our Lake Charles and Calvert City facilities. Expansion projects may be subject to delays or cost overruns, including delays or cost overruns resulting from any one or more of the following:

- unexpectedly long delivery times for, or shortages of, key equipment, parts or materials;
- shortages of skilled labor and other personnel necessary to perform the work;
- delays and performance issues;
- failures or delays of third-party equipment vendors or service providers;
- unforeseen increases in the cost of equipment, labor and raw materials;
- work stoppages and other labor disputes;
- unanticipated actual or purported change orders;

- disputes with contractors and suppliers;
- design and engineering problems;
- latent damages or deterioration to equipment and machinery in excess of engineering estimates and assumptions;
- financial or other difficulties of our contractors and suppliers;
- interference from adverse weather conditions; and

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- difficulties in obtaining necessary permits or in meeting permit conditions.

Significant cost overruns or delays could materially affect our financial condition and results of operations. Additionally, capital expenditures for these projects could materially exceed our planned capital expenditures.

Our level of debt could adversely affect our ability to operate our business.

As of December 31, 2015, we had total outstanding debt of $764.1 million, and our debt represented approximately 18% of our total capitalization. Our annual interest expense for 2015 was $34.7 million, net of interest capitalized of $10.4 million. Our level of debt and the limitations imposed on us by our existing or future debt agreements could have significant consequences on our business and future prospects, including the following:

- a portion of our cash flow from operations will be dedicated to the payment of interest and principal on our debt and will not be available for other purposes, including the payment of dividends;
- we may not be able to obtain necessary financing in the future for working capital, capital expenditures, acquisitions, debt service requirements or other purposes;
- our less leveraged competitors could have a competitive advantage because they have greater flexibility to utilize their cash flow to improve their operations;
- we may be exposed to risks inherent in interest rate fluctuations because some of our borrowings are at variable rates of interest, which would result in higher interest expense in the event of increases in interest rates;
- we could be vulnerable in the event of a downturn in our business that would leave us less able to take advantage of significant business opportunities and to react to changes in our business and in market or industry conditions; and
- should we pursue additional expansions of existing assets or acquisition of third party assets, we may not be able to obtain additional liquidity at cost effective interest rates.

These factors could be magnified or accelerated to the extent we were to finance future acquisitions with significant amounts of debt.

To service our indebtedness and fund our capital requirements, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness and to fund planned capital expenditures and pay cash dividends will depend on our ability to generate cash in the future, including any distributions that we may receive from Westlake Partners. This is subject to general economic, financial, currency, competitive, legislative, regulatory and other factors that are beyond our control.

Our business may not generate sufficient cash flow from operations, we may not receive sufficient distributions from Westlake Partners, currently anticipated cost savings and operating improvements may not be realized on schedule and future borrowings may not be available to us under our credit facility in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. We also generate revenues denominated in currencies other than that of our indebtedness and may have difficulty converting those revenues into the currency of our indebtedness. We may need to refinance all or a portion of our indebtedness on or before maturity. In addition, we may not be able to refinance any of our indebtedness, including our credit facility and our senior notes, on commercially reasonable terms or at all. All of these factors could be magnified if we were to finance any future acquisitions with significant amounts of debt.

Our credit facility and the indenture governing our senior notes impose significant operating and financial restrictions, which may prevent us from capitalizing on business opportunities and taking some actions.

Our credit facility and the indenture governing our senior notes impose significant operating and financial restrictions on us. These restrictions limit our ability to:

- pay dividends on, redeem or repurchase our capital stock;
- make investments and other restricted payments;
- incur additional indebtedness or issue preferred stock;
- create liens;
- permit dividend or other payment restrictions on our restricted subsidiaries;
- sell all or substantially all of our assets or consolidate or merge with or into other companies;
- engage in transactions with affiliates; and

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- engage in sale-leaseback transactions.

These limitations are subject to a number of important qualifications and exceptions. However, the effectiveness of many of these restrictions in the indenture governing our senior notes is currently suspended under the indenture because our senior notes are currently rated investment grade by at least two nationally recognized credit rating agencies.

Our credit facility also requires us to maintain a minimum fixed charge coverage ratio or maintain a specified amount of availability under the credit facility to avoid certain restrictions. These covenants may adversely affect our ability to finance future business opportunities or acquisitions. A breach of any of these covenants could result in a default in respect of the related debt. If a default occurred, the relevant lenders could elect to declare the debt, together with accrued interest and other fees, to be immediately due and payable and proceed against any collateral securing that debt. In addition, any acceleration of debt under our credit facility will constitute a default under some of our other debt, including the indenture governing our senior notes.

Regulations concerning the transportation of hazardous chemicals and the security of chemical manufacturing facilities could result in higher operating costs.

Targets such as chemical manufacturing facilities may be at greater risk of terrorist attacks than other targets. As a result, the chemical industry responded to the issues surrounding the terrorist attacks of September 11, 2001 by implementing initiatives relating to the security of chemicals industry facilities and the transportation of hazardous chemicals. Simultaneously, local, state, national and international governments put into effect a regulatory process that led to new regulations impacting the security of chemical plant locations and the transportation of hazardous chemicals. Our business or our customers' businesses could be adversely affected because of the cost of complying with these regulations.

We may have difficulties integrating the operations of acquired businesses.

If we are unable to integrate or to successfully manage businesses that we have acquired or that we may acquire in the future, our business, financial condition and results of operations could be adversely affected. We may not be able to realize the operating efficiencies, synergies, cost savings or other benefits expected from the acquisitions for a number of reasons, including the following:

- we may fail to integrate the businesses we acquire into a cohesive, efficient enterprise;
- our resources, including management resources, are limited and may be strained if we engage in a large acquisition or significant number of acquisitions, and acquisitions may divert our management's attention from initiating or carrying out programs to save costs or enhance revenues; and
- our failure to retain key employees and contracts of the businesses we acquire.

Future acquisitions could lead to significant restructuring or other changes.

Regulations related to "conflict minerals" could adversely impact our business.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act") contains provisions to improve transparency and accountability concerning the supply of certain minerals, known as conflict minerals, originating from the Democratic Republic of Congo and adjoining countries (collectively, the "Covered Countries"). The term "conflict minerals" encompasses tantalum, tin, tungsten (and their ores) and gold.

In August 2012, pursuant to the Dodd-Frank Act, the SEC adopted new annual disclosure and reporting requirements applicable to any company that files periodic public reports with the SEC, if any conflicts minerals are necessary to the functionality or production of a product manufactured, or contracted to be manufactured, by that company. These new annual reporting requirements require companies to describe reasonable country of origin inquiries, due diligence measures and the results of those activities and related determinations.

Because we have a highly complex, multi-layered supply chain, we may incur significant costs to comply with these requirements. In addition, the implementation of procedures to comply with these requirements could adversely affect the sourcing, supply and pricing of materials, including components, used in our products. Our suppliers (or suppliers to our suppliers) may not be able or willing to provide all requested information or to take other steps necessary to ensure that no conflict minerals financing or benefiting armed groups are included in materials or components supplied to us for our manufacturing purposes. Also, we may encounter challenges to satisfy customers that may require all of the components of products purchased by them to be certified as conflict free. If we are not able to meet customer certification requirements, customers may choose to disqualify us as a supplier. In addition, since the applicability of the new conflict minerals requirements is limited to companies that file periodic reports with the SEC, not all of our competitors will need to comply with

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these requirements unless they are imposed by customers. As a result, those competitors may have cost and other advantages over us.

Our operations could be adversely affected by labor relations.

The vast majority of our employees in Europe, and some of our employees in the United States, are represented by labor unions and works councils. Our operations, particularly in Europe, may be adversely affected by strikes, work stoppages and other labor disputes.

We have unfunded pension plan liabilities related to our European operations.

We have certain non-U.S. defined benefit pension plans covering current and former employees associated with our European operations that we have not funded and are not obligated to fund under applicable law. As of December 31, 2015, the projected benefit obligation under these plans was approximately $94.8 million. We will require future operating cash flow to fund these pension plan liabilities. We may not generate sufficient cash to satisfy these obligations.

The trading price of our common stock may negatively impact us.

Volatility in the capital and credit markets may cause downward pressure on stock prices and credit availability. The market value of our common stock is a factor in determining whether our goodwill is impaired. If the market value of our common stock declines significantly, it may result in an impairment of goodwill. A decline in the market value of our common stock could also negatively impact us in other ways, including making it more difficult for us to raise any equity capital.

Failure to adequately protect critical data and technology systems could materially affect our operations.

Information technology system failures, network disruptions and breaches of data security could disrupt our operations by causing delays or cancellation of customer orders, impede the manufacture or shipment of products or cause standard business processes to become ineffective, resulting in the unintentional disclosure of information or damage to our reputation. While we have taken steps to address these concerns by implementing network security and internal control measures, there can be no assurance that a system failure, network disruption or data security breach will not have a material adverse effect on our business, financial condition, operating results or cash flow.

Our property insurance has only partial coverage for acts of terrorism and, in the event of terrorist attack, we could lose net sales and our facilities.

As a result of the terrorist attacks of September 11, 2001 and other events, our insurance carriers created certain exclusions for losses from terrorism from our property insurance policies. While separate terrorism insurance coverage is available, premiums for full coverage are very expensive, especially for chemical facilities, and the policies are subject to high deductibles. Available terrorism coverage typically excludes coverage for losses from acts of war and from acts of foreign governments as well as nuclear, biological and chemical attacks. We have determined that it is not economically prudent to obtain full terrorism insurance, especially given the significant risks that are not covered by such insurance. Where feasible we have secured some limited terrorism insurance coverage on our property where insurers have included it in their overall programs. In the event of a terrorist attack impacting one or more of our facilities, we could lose the net sales from the facilities and the facilities themselves, and could become liable for any contamination or for personal or property damage due to exposure to hazardous materials caused by any catastrophic release that may result from a terrorist attack.

Westlake Partners' tax treatment depends on its status as a partnership for federal income tax purposes. We depend in part on distributions from Westlake Partners to generate cash for our operations, capital expenditures, debt service and other uses. If the Internal Revenue Service, or IRS, were to treat Westlake Partners as a corporation for federal income tax purposes, its cash available for distribution would be substantially reduced, which would also likely cause a substantial reduction in the value of its common units that we hold. Proposed regulations issued in May 2015 may make it difficult or impossible for Westlake Partners to maintain its status as a partnership after a ten-year transition period.

Despite the fact that Westlake Partners is organized as a limited partnership under Delaware law, it would be treated as a corporation for U.S. federal income tax purposes unless it satisfies a "qualifying income" requirement (the "Qualifying Income Exception") under Section 7704 of the Internal Revenue Code of 1986, as amended (the "Code"). Failing to meet the Qualifying Income Exception would cause Westlake Partners to be treated as a corporation for

U.S. federal income tax purposes.

Prior to its initial public offering, Westlake Partners requested and obtained a favorable private letter ruling from the IRS to the effect that income from the production, transportation, storage and marketing of ethylene and its co-products constitutes

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"qualifying income" within the meaning of Section 7704 of the Code. Failing to meet the Qualifying Income Exception or a change in current law could cause Westlake Partners to be treated as a corporation for U.S. federal income tax purposes.

On May 5, 2015, the IRS issued proposed regulations (the "Proposed Regulations") regarding qualifying income under Section 7704(d)(1)(E) of the Code. The Proposed Regulations provide industry-specific rules regarding the Qualifying Income Exception, including whether an activity constitutes the processing or refining of a natural resource, which limit the extent to which income generated from the processing and refining of products derived from crude oil and natural gas constitutes qualifying income. In the event the Proposed Regulations become final in their current form and an activity does not satisfy the Qualifying Income Exception standards set forth therein, the Proposed Regulations include a proposed ten-year transition period for partnerships like Westlake Partners, who already received a private letter ruling that the income from that activity was qualifying income. The U.S. Treasury Department and the IRS requested comments from industry participants regarding the standards set forth in the Proposed Regulations. Westlake Partners has timely submitted its comments and has had discussions with the IRS and the U.S. Treasury Department. If the Proposed Regulations become final in their current form, such final regulations would make it difficult or impossible for Westlake Partners to satisfy the Qualifying Income Exception after the proposed ten-year transition period. The market price of Westlake Partners common units may decline significantly following, or in anticipation of, the expiration of any transition period.

We will be controlled by our principal stockholder and its affiliates as long as they own a majority of our common stock, and our other stockholders will be unable to affect the outcome of stockholder voting during that time. Our interests may conflict with those of the principal stockholder and its affiliates, and we may not be able to resolve these conflicts on terms possible in arms-length transactions.

As long as TTWF LP (the "principal stockholder") and its affiliates (the "principal stockholder affiliates") own a majority of our outstanding common stock, they will be able to exert significant control over us, and our other stockholders, by themselves, will not be able to affect the outcome of any stockholder vote. As a result, the principal stockholder, subject to any fiduciary duty owed to our minority stockholders under Delaware law, will be able to control all matters affecting us (some of which may present conflicts of interest), including:

- the composition of our Board of Directors and, through the Board, any determination with respect to our business direction and policies, including the appointment and removal of officers and the determination of compensation;
- any determinations with respect to mergers or other business combinations or the acquisition or disposition of assets;
- our financing decisions, capital raising activities and the payment of dividends; and
- amendments to our amended and restated certificate of incorporation or amended and restated bylaws.

The principal stockholder will be permitted to transfer a controlling interest in us without being required to offer our other stockholders the ability to participate or realize a premium for their shares of common stock. A sale of a controlling interest to a third party may adversely affect the market price of our common stock and our business and results of operations because the change in control may result in a change of management decisions and business policy. Because we have elected not to be subject to Section 203 of the General Corporation Law of the State of Delaware, the principal stockholder may find it easier to sell its controlling interest to a third party than if we had not so elected.

In addition to any conflicts of interest that arise in the foregoing areas, our interests may conflict with those of the principal stockholder affiliates in a number of other areas, including:

- business opportunities that may be presented to the principal stockholder affiliates and to our officers and directors associated with the principal stockholder affiliates, and competition between the principal stockholder affiliates and us within the same lines of business;
- the solicitation and hiring of employees from each other; and
- agreements with the principal stockholder affiliates relating to corporate services that may be material to our business.

We may not be able to resolve any potential conflicts with the principal stockholder affiliates, and even if we do, the resolution may be less favorable than if we were dealing with an unaffiliated party, particularly if the conflicts are resolved while we are controlled by the principal stockholder affiliates. Our amended and restated certificate of incorporation provides that the principal stockholder affiliates have no duty to refrain from engaging in activities or lines of business similar to ours and that the principal stockholder affiliates will not be liable to us or our stockholders for failing to present specified corporate opportunities to us.

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Cautionary Statements about Forward Looking Statements

The Private Securities Litigation Reform Act of 1995 provides safe harbor provisions for forward-looking information. Certain of the statements contained in this Form 10-K are forward-looking statements. All statements, other than statements of historical facts, included in this Form 10-K that address activities, events or developments that we expect, project, believe or anticipate will or may occur in the future are forward-looking statements. Forward-looking statements can be identified by the use of words such as "believes," "intends," "may," "should," "could," "anticipates," "expected" or comparable terminology, or by discussions of strategies or trends. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot give any assurances that these expectations will prove to be correct. Forward-looking statements relate to matters such as:

- future operating rates, margins, cash flow and demand for our products;
- industry market outlook, including the price of crude oil;
- production capacities;
- currency devaluation;
- our ability to borrow additional funds under our credit facility;
- our ability to meet our liquidity needs;
- our ability to meet debt obligations under our debt instruments;
- our intended quarterly dividends;
- future capacity additions and expansions in the industry;
- timing, funding and results of capital projects, such as the expansion programs at our Lake Charles and Calvert City facilities;
- results of acquisitions;
- health of our customer base;
- pension plan obligations, funding requirements and investment policies;
- compliance with present and future environmental regulations and costs associated with environmentally related penalties, capital expenditures, remedial actions and proceedings, including any new laws, regulations or treaties that may come into force to limit or control carbon dioxide and other GHG emissions or to address other issues of climate change;
- effects of pending legal proceedings; and
- timing of and amount of capital expenditures.

We have based these statements on assumptions and analyses in light of our experience and perception of historical trends, current conditions, expected future developments and other factors we believe were appropriate in the circumstances when the statements were made. Forward-looking statements by their nature involve substantial risks and uncertainties that could significantly impact expected results, and actual future results could differ materially from those described in such statements. While it is not possible to identify all factors, we continue to face many risks and uncertainties. Among the factors that could cause actual future results to differ materially are the risks and uncertainties discussed under "Risk Factors" and those described from time to time in our other filings with the SEC including, but not limited to, the following:

- general economic and business conditions;
- the cyclical nature of the chemical industry;
- the availability, cost and volatility of raw materials and energy;
- uncertainties associated with the United States, European and worldwide economies, including those due to political tensions and unrest in the Middle East, the Commonwealth of Independent States (including Ukraine) and elsewhere;
- current and potential governmental regulatory actions in the United States, Europe and Asia and regulatory actions and political unrest in other areas;
- industry production capacity and operating rates;
- the supply/demand balance for our products;
- competitive products and pricing pressures;
- instability in the credit and financial markets;

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- access to capital markets;
- terrorist acts;
- operating interruptions (including leaks, explosions, fires, weather-related incidents, mechanical failure, unscheduled downtime, labor difficulties, transportation interruptions, spills and releases and other environmental risks);
- changes in laws or regulations;
- technological developments;
- our ability to integrate acquired businesses;
- foreign currency exchange risks;
- our ability to implement our business strategies; and
- creditworthiness of our customers.

Many of such factors are beyond our ability to control or predict. Any of the factors, or a combination of these factors, could materially affect our future results of operations and the ultimate accuracy of the forward-looking statements. These forward-looking statements are not guarantees of our future performance, and our actual results and future developments may differ materially from those projected in the forward-looking statements. Management cautions against putting undue reliance on forward-looking statements or projecting any future results based on such statements or present or prior earnings levels. Every forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statements.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our manufacturing facilities and principal products are set forth below. Except as noted, we own each of these facilities.

Location	Principal Products
Lake Charles, Louisiana	Ethylene, polyethylene, styrene
Longview, Texas (1)	Polyethylene, polyethylene wax
Calvert City, Kentucky (2)	PVC, VCM, EDC, chlorine, caustic soda, ethylene
Geismar, Louisiana	PVC, VCM, EDC, chlorine, caustic soda
Gendorf, Bavaria, Germany (1)	PVC, VCM, EDC, chlorine, caustic soda
Burghausen, Bavaria, Germany (1)	PVC
Knapsack, North Rhine-Westphalia, Germany (1)	PVC, VCM, EDC, chlorine, caustic soda
Cologne, North Rhine-Westphalia, Germany (1)	PVC
Schkopau, Saxony-Anhalt, Germany (1)	PVC
Hillhouse, Lancashire, United Kingdom (1)	PVC
Suzhou, Jiangsu, in the People's Republic of China (1)	PVC, PVC film and sheet
Booneville, Mississippi	PVC pipe
Greensboro, Georgia	PVC pipe
Janesville, Wisconsin	PVC pipe
Leola, Pennsylvania	PVC pipe
Wichita Falls, Texas	PVC pipe
Yucca, Arizona	PVC pipe
Lodi, California	PVC pipe and fittings
McPherson, Kansas	PVC pipe and fittings
Evansville, Indiana	Fence and deck components
Calgary, Alberta, Canada (3)	Window and door components

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(1) We lease the land on which our facilities are located. The Suzhou facility is our 95% owned Asian joint venture.

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(2) We lease a portion of the land on which our Calvert City facility is located.
(3) We lease our Calgary land and building.

Olefins

Our Lake Charles site consists of three tracts on approximately 1,700 acres in Lake Charles, each within three miles of one another. The site includes two ethylene plants, which are owned by OpCo, two polyethylene plants and a styrene monomer plant. The combined capacity of OpCo's two Lake Charles ethylene plants is approximately 2.7 billion pounds per year. The capacity of our two polyethylene plants is approximately 1.5 billion pounds per year and the capacity of our styrene plant is approximately 570 million pounds per year. One of our polyethylene plants has two production units that use gas phase technology with the capability to manufacture both LLDPE and HDPE. OpCo currently plans to begin the upgrade and capacity expansion of its Petro 1 ethylene unit at our Lake Charles site in the second quarter of 2016.

Our Lake Charles site includes a marine terminal that provides for worldwide shipping capabilities. The site also is located near rail transportation facilities, which allows for efficient delivery of raw materials and prompt shipment of our products to customers. In addition, the site is connected by pipeline systems to our ethylene feedstock sources in both Texas and Louisiana. Within the site, OpCo's ethylene plants are connected by pipeline systems to our polyethylene and styrene plants.

Our Longview site consists of three polyethylene plants, a specialty polyethylene wax plant, and a 200-mile ethylene pipeline owned by OpCo that runs from Mont Belvieu to our Longview site. The plants are located inside a large Eastman Chemical Company ("Eastman") facility where Eastman produces a number of other chemical products. We can access ethylene to support our polyethylene operations either by purchasing ethylene from Eastman at the site or by transporting ethylene from OpCo's Lake Charles plant into the Gulf Coast grid and by transporting ethylene through our ethylene pipeline into our Longview facility. The technologies we use to produce polyethylene at Longview are similar to the technologies that we employ at Lake Charles. The Longview facility has a total capacity of 1.1 billion pounds per year.

Vinyls

Our Calvert City site is situated on approximately 750 acres on the Tennessee River in Kentucky and includes an ethylene plant, which is owned by OpCo, a chlor-alkali plant, a VCM plant and a PVC plant. The capacity of OpCo's Calvert City ethylene plant is 630 million pounds per year and the capacity of our chlor-alkali plant is 550 million pounds of chlorine and 605 million pounds of caustic soda per year. Our chlorine plant utilizes efficient, state-of-the-art membrane technology. Our VCM plant has a capacity of 1.3 billion pounds per year and our Calvert City PVC plant has a capacity of 1.3 billion pounds per year. In January 2016, OpCo announced an expansion project to increase the ethylene capacity of its ethylene plant at our Calvert City facility. The expansion is expected to increase ethylene capacity by approximately 70 million pounds annually and is targeted for completion during the first half of 2017. Combined with other incremental capacity increases, the total ethylene capacity of OpCo's ethylene plant is expected to increase to 730 million pounds annually at the completion of this project.

Our vinyls facility in Geismar is situated on 184 acres on the Mississippi River and includes a chlor-alkali plant, a VCM plant and a PVC plant. Our Geismar chlor-alkali plant is designed to produce up to 700 million pounds of chlorine and 770 million pounds of caustic soda per year. Our chlorine plant utilizes efficient, state-of-the-art membrane technology. Our Geismar VCM plant has a capacity of 550 million pounds per year, and our Geismar PVC plant has a capacity of 600 million pounds per year.

Our European vinyls manufacturing sites consist of five facilities in Germany and one facility in the United Kingdom, and include two state-of-the-art membrane chlor-alkali plants, two VCM plants and six PVC plants. The chlor-alkali plants have a combined capacity of 950 million pounds of chlorine and 1.0 billion pounds of caustic soda per year, the VCM plants have a combined capacity of 1.5 billion pounds per year and the PVC plants have a combined capacity of 1.7 billion pounds per year.

Our Asian vinyls manufacturing site is located near Shanghai, in the People's Republic of China and includes a PVC plant and a PVC film and sheet plant. The PVC plant has a capacity of 300 million pounds per year.

As of February 17, 2016, we owned 11 building products plants, consisting of eight PVC pipe plants, two profile plants producing PVC fence, decking, windows and door profiles and one film and sheet plant. The majority of our plants are strategically located near major markets and serve customers throughout the United States, Canada and Asia. The combined capacity of our building product plants is 1.3 billion pounds per year.

We believe our current facilities and announced expansions are adequate to meet the requirements of our present and foreseeable future operations.

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Headquarters

Our principal executive offices are located in Houston, Texas. Our office space is leased, at market rates, from an affiliate of our principal stockholder. See Note 18 to the audited consolidated financial statements appearing elsewhere in this Form 10-K and "Certain Relationships and Related Transactions" in our proxy statement to be filed with the SEC pursuant to Regulation 14A with respect to our 2016 annual meeting of stockholders (the "Proxy Statement").

Item 3. Legal Proceedings

In addition to the matters described under Item 1, "Business—Environmental and Other Regulation," we are involved in various legal proceedings incidental to the conduct of our business. We do not believe that any of these legal proceedings will have a material adverse effect on our financial condition, results of operations or cash flows.

Item 4. Mine Safety Disclosure

Not Applicable.

Executive Officers of the Registrant

James Chao (age 68). Mr. Chao has been our Chairman of the Board of Directors since July 2004 and became a director in June 2003. From May 1996 to July 2004, he served as our Vice Chairman. Mr. Chao also has responsibility for the oversight of our Vinyls business. Mr. Chao has over 45 years of global experience in the chemical industry. In addition, Mr. Chao has been the Chairman of the Board of Westlake Partners' general partner since its formation in March 2014. From June 2003 until November 2010, Mr. Chao was the executive chairman of Titan Chemicals Corp. Bhd. He has served as a Special Assistant to the Chairman of China General Plastics Group and worked in various financial, managerial and technical positions at Mattel Incorporated, Developmental Bank of Singapore, Singapore Gulf Plastics Pte. Ltd. and Gulf Oil Corporation. Mr. Chao, along with his brother Albert Chao, assisted their father T.T. Chao in founding Westlake Chemical Corporation. Mr. Chao is on the board of Baylor College of Medicine and KIPP (Knowledge Is Power Program). Mr. Chao received his B.S. degree from Massachusetts Institute of Technology and an M.B.A. from Columbia University.

Albert Chao (age 66). Mr. Chao has been our President since May 1996 and a director since June 2003. Mr. Chao became our Chief Executive Officer in July 2004. Mr. Chao has over 40 years of global experience in the chemical industry. In 1985, Mr. Chao assisted his father T.T. Chao and his brother James Chao in founding Westlake Chemical Corporation, where he served as Executive Vice President until he succeeded James Chao as President. In addition, Mr. Chao has been the President, Chief Executive Officer and a director of Westlake Partners' general partner since its formation in March 2014. He has held positions in the Controller's Group of Mobil Oil Corporation, in the Technical Department of Hercules Incorporated, in the Plastics Group of Gulf Oil Corporation and has served as Assistant to the Chairman of China General Plastics Group and Deputy Managing Director of a plastics fabrication business in Singapore. Mr. Chao is a trustee of Rice University. Mr. Chao received a bachelor's degree from Brandeis University and an M.B.A. from Columbia University.

M. Steven Bender (age 59). Mr. Bender has been our Senior Vice President, Chief Financial Officer and Treasurer since February 2008. From February 2007 to February 2008, Mr. Bender served as our Vice President, Chief Financial Officer and Treasurer and from June 2005 to February 2007, he served as our Vice President and Treasurer. In addition, Mr. Bender has been the Senior Vice President, Chief Financial Officer and a director of Westlake Partners' general partner since its formation in March 2014, and its Treasurer since April 2015. From June 2002 until June 2005, Mr. Bender served as Vice President and Treasurer of KBR, Inc., and from 1996 to 2002 he held the position of Assistant Treasurer for Halliburton Company. Prior to that, he held various financial positions within that company. Additionally, he was employed by Texas Eastern Corporation for over a decade in a variety of increasingly responsible audit, finance and treasury positions. Mr. Bender received a Bachelor of Business Administration from Texas A&M University and an M.B.A. from Southern Methodist University. Mr. Bender is also a Certified Public Accountant.

Robert F. Buesinger (age 59). Mr. Buesinger has been our Senior Vice President, Vinyls since joining us in April 2010. Prior to joining us, Mr. Buesinger served as the General Manager and President of Chevron Phillips Chemical Company L.P.'s Performance Pipe Division from February 2010 to March 2010. From June 2008 to January 2010, Mr. Buesinger held the position of General Manager in the Alpha Olefins and Poly Alpha Olefins business of Chevron Phillips Chemical Company L.P. From April 2005 to May 2008, he served as the President and Managing Director of Chevron Phillips Singapore Chemicals Pte. Ltd. and Asia Region General Manager for Chevron Phillips Chemical Company L.P. Prior to that, he held various technical and sales management positions within that company. Mr. Buesinger holds a B.S. in Chemical Engineering from Tulane University.

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Michael J. Mattina (age 53). Mr. Mattina has been our Senior Vice President, Polyethylene since April 2015. From March 2011 to March 2015, Mr. Mattina served as our Vice President and General Manager of North American Pipe and Specialty Products. From April 2008 to February 2011, Mr. Mattina served as our Vice President, Polyethylene and Specialty Products. From June 2005 to March 2008, he served as Director, Polyethylene Sales, Marketing and Technical Service. From October 2001 to May 2005, Mr. Mattina served in a variety of sales and marketing management assignments with us. Prior to joining Westlake, Mr. Mattina held various polyethylene business management, marketing and sales positions within Chevron Phillips Chemical Company and ExxonMobil Chemical Company. Mr. Mattina received a Bachelor of Business Administration in Finance with a minor in Chemistry from Stephen F. Austin University.

Lawrence E. (Skip) Teel (age 57). Mr. Teel has been our Senior Vice President, Olefins since July 2014. In addition, Mr. Teel has been the Senior Vice President, Olefins of Westlake Partners' general partner since July 2014. From July 2012 to July 2014, Mr. Teel served as our Vice President, Olefins. Mr. Teel joined us in September 2009 as Director, Olefins and Feedstock after a 23-year career with Lyondell Chemical Company where he served as the Vice President, Refining from August 2006 to May 2008. From 2001 to 2006, Mr. Teel held the position of Director, Corporate Planning and Business Development at Lyondell Chemical Company. During his career, he has held a variety of marketing, operations and general management assignments. Mr. Teel received a B.S. in Chemical Engineering from New Mexico State University and an M.S. in Finance from the University of Houston.

L. Benjamin Ederington (age 45). Mr. Ederington has been our Vice President, General Counsel, Chief Administrative Officer and Corporate Secretary since December 2015. Mr. Ederington served as our Vice President, General Counsel and Corporate Secretary from October 2013 to December 2015. In addition, Mr. Ederington has been the Vice President, General Counsel, Corporate Secretary and a director of Westlake Partners' general partner since its formation in March 2014. Prior to joining Westlake, he held a variety of senior legal positions at LyondellBasell Industries, N.V. and its predecessor companies, LyondellBasell Industries AF SCA and Lyondell Chemical Company, including most recently as Associate General Counsel, Commercial & Strategic Transactions from March 2010 to September 2013 and interim Director of Government Affairs from March 2010 to April 2011. He began his legal career more than 19 years ago at the law firm of Steptoe & Johnson, LLP. Mr. Ederington holds a B.A. from Yale University and received his J.D. from Harvard University.

Andrew Kenner (age 51). Mr. Kenner has been our Vice President, Manufacturing since July 2008. Mr. Kenner joined us after a 19-year career at Valero Energy Corporation where he served as Vice President and General Manager of Valero's Delaware City Refinery from September 2005 to July 2008. From August 2004 to September 2005, Mr. Kenner held the position of Vice President and General Manager of Valero's Houston Refinery. Mr. Kenner holds a B.S. in Aerospace Engineering from Texas A&M University and a M.S. in Chemical Engineering from the University of Texas at Austin.

George J. Mangieri (age 65). Mr. Mangieri has been our Vice President and Chief Accounting Officer since February 2007. From April 2000 to February 2007, he was Vice President and Controller. In addition, Mr. Mangieri has been the Vice President and Chief Accounting Officer of Westlake Partners' general partner since its formation in March 2014. Prior to joining us, Mr. Mangieri served as Vice President and Controller of Zurn Industries, Inc. from 1998 to 2000. He previously was employed as Vice President and Controller for Imo Industries, Inc. in New Jersey, and spent over 10 years in public accounting with Ernst & Young LLP, where he served as Senior Manager. He received his Bachelor of Science degree from Monmouth College and is a Certified Public Accountant.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Price Range of Common Stock

As of February 17, 2016, there were 42 holders of record of our common stock. Our common stock is listed on the New York Stock Exchange under the symbol "WLK." Set forth below are the high and low closing prices for our common stock, as reported on the New York Stock Exchange composite tape for the periods indicated and the cash dividends declared in these periods.

	High	Low	Cash Dividends Declared
Year Ended December 31, 2015			
4th Quarter	$62.09	$52.86	$0.1815
3rd Quarter	66.69	49.82	0.1815
2nd Quarter	78.59	67.98	0.1650
1st Quarter	72.49	55.20	0.1650
Year Ended December 31, 2014			
4th Quarter	$83.43	$53.67	$0.1650
3rd Quarter	97.96	84.22	0.1650
2nd Quarter	84.77	62.36	0.1260
1st Quarter	68.73	57.66	0.1260

Our credit facility and the indenture governing our senior notes restrict our ability to pay dividends or other distributions on our equity securities. However, the effectiveness of these restrictions in the indenture governing the senior notes is currently suspended because the senior notes are currently rated investment grade by at least two nationally recognized credit rating agencies. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Debt" for additional information.

Issuer Purchases of Equity Securities

The following table provides information on our purchase of equity securities during the quarter ended December 31, 2015:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (1)
October 2015	288,161	$55.33	288,161	$ 113,533,000
November 2015	327,283	$59.46	327,283	$ 244,073,000
December 2015	111,741	$54.53	111,174	$ 238,012,000
Total	727,185	$56.27	726,618	

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(1) In November 2014, our Board of Directors approved a $250.0 million stock repurchase program (the "2014 Program"). On November 20, 2015, our Board of Directors approved the expansion of the 2014 Program by an additional $150.0 million. As of December 31, 2015, 2,682,489 shares of our common stock had been acquired at an aggregate purchase price of approximately $162.0 million under the 2014 Program. Transaction fees and commissions are not reported in the average price paid per share in the table above. Decisions regarding the amount and the timing of purchases under the 2014 Program will be influenced by our cash on hand, our cash flow

from operations, general market conditions and other factors. The 2014 Program may be discontinued by our Board of Directors at any time.

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Equity Compensation Plan Information

Securities authorized for issuance under equity compensation plans are as follows:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,766,662	$21.58	5,733,600
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	1,766,662	$21.58	5,733,600

Other information regarding our equity compensation plans is set forth in the section entitled "Executive Compensation" in our Proxy Statement, which information is incorporated herein by reference.

Item 6. Selected Financial and Operational Data [1]

	Year Ended December 31, 2015	2014	2013	2012	2011
	(dollars in thousands, except share amounts, per share data and volume data)				
Statement of Operations Data:					
Net sales	$4,463,336	$4,415,350	$3,759,484	$3,571,041	$3,619,848
Gross profit	1,185,191	1,317,350	1,101,438	736,960	559,006
Selling, general and administrative expenses	225,364	193,359	147,974	121,609	112,210
Income from operations	959,827	1,123,991	953,464	615,351	446,796
Interest expense	(34,656)	(37,352)	(18,082)	(43,049)	(50,992)
Debt retirement costs	—	—	—	(7,082)	—
Gain from sales of equity securities	—	—	—	16,429	—
Other income (expense), net [2]	38,270	(2,721)	6,790	3,520	5,628
Income before income taxes	963,441	1,083,918	942,172	585,169	401,432
Provision for income taxes	298,396	398,902	331,747	199,614	142,466
Net income	665,045	685,016	610,425	385,555	258,966
Net income attributable to noncontrolling interests	19,035	6,493	—	—	—
Net income attributable to Westlake Chemical Corporation	$646,010	$678,523	$610,425	$385,555	$258,966
Earnings Per Share Attributable to Westlake Chemical Corporation: [3]					
Basic	$4.88	$5.09	$4.57	$2.89	$1.95
Diluted	$4.86	$5.07	$4.55	$2.88	$1.94
Weighted average shares outstanding [3]					
Basic	131,823,707	133,111,230	133,224,256	132,578,858	131,854,842
Diluted	132,301,812	133,643,414	133,779,250	133,282,990	132,600,316
Balance Sheet Data (end of period):					
Cash and cash equivalents	$662,525	$880,601	$461,301	$790,078	$825,901
Marketable securities	520,144	—	239,388	124,873	—
Restricted cash	—	—	—	—	96,283
Working capital [4]	1,652,547	1,474,107	1,244,224	1,352,903	1,391,561
Total assets	5,575,252	5,213,990	4,060,909	3,412,196	3,266,821
Total debt	764,115	763,997	763,879	763,761	764,563
Total Westlake Chemical Corporation stockholders' equity	3,265,878	2,911,511	2,418,603	1,872,256	1,756,312
Cash dividends declared per share [3] [5]	$0.6930	$0.5820	$0.4125	$2.1363	$0.1373
Other Operating Data:					
Cash flow from:					
Operating activities	$1,078,836	$1,032,376	$752,729	$612,087	$358,935
Investing activities	(1,006,176)	(773,205)	(1,002,238)	(466,971)	(202,785)
Financing activities	(286,812)	164,640	(79,268)	(180,939)	39,452
Depreciation and amortization	245,757	208,486	157,808	144,541	131,397
Capital expenditures	491,426	431,104	679,222	386,882	176,843
EBITDA [6]	1,243,854	1,329,756	1,118,062	772,759	583,821

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	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(dollars in thousands, except share amounts, per share data and volume data)				
External Sales Volume (millions of pounds):					
Olefins Segment					
Polyethylene	2,445	2,364	2,244	2,230	2,272
Styrene, feedstock and other	1,182	941	1,094	925	753
Vinyls Segment					
PVC, caustic soda and other	5,026	3,174	1,995	1,822	1,749
Building products	629	572	487	423	403

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(1) The historical selected financial and operational data should be read together with Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and Item 8, Financial Statements and Supplementary Data included in this Form 10-K.

(2) Other income (expense), net is composed of interest income, income or loss from equity method investments, dividend income, gains or losses from sales of securities, foreign exchange currency gains or losses, gain on acquisition, impairment of equity method investments, management fee income and other gains and losses.

(3) On February 14, 2014, our Board of Directors authorized a two-for-one split of our common stock. Stockholders of record as of February 28, 2014 were entitled to one additional share for every share outstanding, which was distributed on March 18, 2014. All share amounts and per share data for the years prior to December 31, 2014 have been restated to reflect the effect of the two-for-one stock split.

(4) Working capital equals current assets less current liabilities.

(5) Cash dividends declared for the year ended December 31, 2012 includes a special dividend of $1.875 per share (on a post-split basis) paid on December 12, 2012.

(6) EBITDA (a non-GAAP financial measure) is calculated as net income before interest expense, income taxes, depreciation and amortization. The body of accounting principles generally accepted in the United States is commonly referred to as "GAAP." For this purpose a non-GAAP financial measure is generally defined by the SEC as one that purports to measure historical and future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measures. We have included EBITDA in this Form 10-K because our management considers it an important supplemental measure of our performance and believes that it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry, some of which present EBITDA when reporting their results. We regularly evaluate our performance as compared to other companies in our industry that have different financing and capital structures and/or tax rates by using EBITDA. EBITDA allows for meaningful company-to-company performance comparisons by adjusting for factors such as interest expense, depreciation and amortization and taxes, which often vary from company to company. In addition, we utilize EBITDA in evaluating acquisition targets. Management also believes that EBITDA is a useful tool for measuring our ability to meet our future debt service, capital expenditures and working capital requirements, and EBITDA is commonly used by us and our investors to measure our ability to service indebtedness. EBITDA is not a substitute for the GAAP measures of earnings or of cash flow and is not necessarily a measure of our ability to fund our cash needs. In addition, it should be noted that companies calculate EBITDA differently and, therefore, EBITDA as presented in this Form 10-K may not be comparable to EBITDA reported by other companies. EBITDA has material limitations as a performance measure because it excludes (1) interest expense, which is a necessary element of our costs and ability to generate revenues because we have borrowed money to finance our operations, (2) depreciation, which is a necessary element of our costs and ability to generate revenues because we use capital assets and (3) income taxes,

which is a necessary element of our operations. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA only supplementally. The following table reconciles EBITDA to net income and to net cash provided by operating activities.

Reconciliation of EBITDA to Net Income and to Net Cash Provided by Operating Activities

	Year Ended December 31, 2015	2014	2013	2012	2011
	(dollars in thousands)				
EBITDA	$1,243,854	$1,329,756	$1,118,062	$772,759	$583,821
Less:					
Provision for income taxes	(298,396)	(398,902)	(331,747)	(199,614)	(142,466)
Interest expense	(34,656)	(37,352)	(18,082)	(43,049)	(50,992)
Depreciation and amortization	(245,757)	(208,486)	(157,808)	(144,541)	(131,397)
Net income	665,045	685,016	610,425	385,555	258,966
Changes in operating assets and liabilities and other	371,794	273,083	34,453	244,683	76,898
(Income) loss from equity method investments	(632)	(424)	199	3,005	(427)
Windfall tax benefits from share-based payment arrangements	(1,646)	(6,704)	(5,449)	(11,967)	(3,361)
Deferred income taxes	39,784	58,967	93,732	(5,793)	14,114
Write-off of debt issuance costs	—	—	—	1,277	—
Impairment of equity method investments	4,925	6,747	—	—	—
Impairment of long-lived assets	—	—	—	—	1,975
(Gains) losses from sales of securities	(3,798)	(1,212)	19	(16,429)	—
Gain on acquisition, net of loss on the fair value remeasurement of preexisting equity interest	(21,045)	—	—	—	—
Loss from disposition of fixed assets	10,891	4,181	5,039	3,886	1,375
Stock-based compensation expense	10,196	9,261	6,966	6,127	6,391
Amortization of debt issuance costs	2,004	1,673	1,459	1,514	1,683
Provision for doubtful accounts	956	301	5,514	229	1,321
Other losses, net	362	1,487	372	—	—
Net cash provided by operating activities	$1,078,836	$1,032,376	$752,729	$612,087	$358,935

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We are a vertically integrated global manufacturer and marketer of petrochemicals, polymers and building products. Our two principal operating segments are Olefins and Vinyls. We use the majority of our internally-produced basic chemicals to produce higher value-added chemicals and building products.

Consumption of the basic chemicals that we manufacture in the commodity portions of our olefins and vinyls processes has increased significantly since we began operations in 1986. Our olefins and vinyls products are some of the most widely used chemicals in the world and are upgraded into a wide variety of higher value-added chemical products used in many end-markets. Petrochemicals are typically manufactured in large volume by a number of different producers using widely available technologies. The petrochemical industry exhibits cyclical commodity characteristics, and margins are influenced by changes in the balance between supply and demand and the resulting operating rates, the level of general economic activity and the price of raw materials. The cycle is generally characterized by periods of tight supply, leading to high operating rates and margins, followed by a decline in operating rates and margins primarily as a result of excess new capacity additions. Due to the significant size of new plants, capacity additions are built in large increments and typically require several years of demand growth to be absorbed.

Since 2009 and continuing through 2015, a cost advantage for ethane-based ethylene producers over naphtha-based ethylene producers has allowed a strong export market for polyethylene, ethylene derivatives and higher margins for North American chemical producers, including Westlake. Continued strong global demand for polyethylene has resulted in improved operating margins and cash flow for our Olefins segment in recent years. However, we have seen a significant reduction in the cost advantage enjoyed by North American ethane-based ethylene producers due to lower crude oil prices, beginning in the third quarter of 2014 and continuing through 2015. Further, falling crude oil prices have already resulted in reduced prices and margins in 2015 and may continue to do so. However, our European operations rely primarily on feedstock derived from naphtha-based ethylene crackers and may benefit from lower crude oil prices. In addition, looking forward, new olefins capacity additions in Asia, the Middle East and North America, a number of which have been announced in recent years, may lead to periods of over-supply and lower profitability. As a result, our Olefins segment operating margins may be negatively impacted.

Continued slow recovery in the U.S. construction markets and budgetary constraints in municipal spending have contributed to lower North American demand for our vinyls products, which may continue to negatively impact our Vinyls segment operating rates and margins. Likewise, European industry production capacities currently exceed demand in the region, largely due to the weak economic environment in Europe. However, since late 2010, the PVC industry in North America has experienced an increase in PVC resin export demand, driven largely by more competitive feedstock and energy cost positions in North America. As a consequence, North American PVC resin industry operating rates have improved since 2010, largely due to higher PVC resin export shipments. In addition, the completion of our world-scale Geismar chlor-alkali plant and the ethane feedstock conversion and ethylene expansion project at OpCo's Calvert City ethylene plant, in 2013 and 2014, respectively, as well as the July 2014 acquisition of Vinnolit Holdings GmbH and its subsidiary companies ("Vinnolit"), an integrated global leader in specialty PVC resins, have contributed to improved operating margins and cash flow for our Vinyls segment.

The economic environment in the United States and globally appears to be slowly improving. However, depending on the performance of the global economy in the remainder of 2016 and beyond, our financial condition, results of operations or cash flows may still be negatively impacted. In addition, the European economy has been slower to recover than the U.S. economy.

We purchase significant amounts of ethane feedstock, natural gas, ethylene and salt from external suppliers for use in production of basic chemicals in the olefins and vinyls chains. We also purchase significant amounts of electricity to supply the energy required in our production processes. While we have agreements providing for the supply of ethane feedstock, natural gas, ethylene, salt and electricity, the contractual prices for these raw materials and energy vary with market conditions and may be highly volatile. Factors that have caused volatility in our raw material prices in the past, and which may do so in the future include:

- the availability of feedstock from shale gas and oil drilling;

- supply and demand for crude oil;
- shortages of raw materials due to increasing demand;
- ethane and liquefied natural gas exports;
- capacity constraints due to higher construction costs for investments, construction delays, strike action or involuntary shutdowns;

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- the general level of business and economic activity; and
- the direct or indirect effect of governmental regulation.

Significant volatility in raw material costs tends to put pressure on product margins as sales price increases could lag behind raw material cost increases. Conversely, when raw material costs decrease, customers may seek immediate relief in the form of lower sales prices. We currently use derivative instruments to reduce price volatility risk on feedstock commodities and lower overall costs. Normally, there is a pricing relationship between a commodity that we process and the feedstock from which it is derived. When this pricing relationship deviates from historical norms, we have from time to time entered into derivative instruments and physical positions in an attempt to take advantage of this relationship.

Our historical results have been significantly affected by our plant production capacity, our efficient use of that capacity and our ability to increase capacity. Since our inception, we have followed a disciplined growth strategy that focuses on plant acquisitions, new plant construction and internal expansion. We evaluate each expansion project on the basis of its ability to produce sustained returns in excess of our cost of capital and its ability to improve efficiency or reduce operating costs. We also regularly look at acquisition opportunities that would be consistent with or complimentary to our overall business strategies. Depending on the size of the acquisition, any such acquisitions could require external financing.

As noted above in Item 1A, "Risk Factors," we are subject to extensive environmental regulations, which may impose significant additional costs on our operations in the future. Further, concerns about GHG emissions and their possible effects on climate change has led to the enactment of regulations, and to proposed legislation and additional regulations, that could affect us in the form of increased cost of feedstocks and fuel, other increased costs of production and decreased demand for our products. While we do not expect any of these enactments or proposals to have a material adverse effect on us in the near term, we cannot predict the longer-term effect of any of these regulations or proposals on our future financial condition, results of operations or cash flows.

Recent Developments

On January 29, 2016, we announced that we had submitted a proposal to Axiall Corporation ("Axiall") on January 25, 2016 to acquire all of the outstanding shares of Axiall for $20.00 per share (comprised of $11.00 in cash and 0.1967 of a Westlake share, which represented a value of $9.00 based on our closing price on January 22, 2016, the last trading day before we made our proposal). The total value of the proposed transaction is approximately $2.9 billion, including the assumption of certain Axiall liabilities, which include approximately $1.5 billion of debt outstanding as of September 30, 2015. Our proposal was not subject to a financing contingency. Axiall rejected our proposal on January 27, 2016. On February 16, 2016, we announced that we notified Axiall of our intention to nominate a slate of ten independent, highly qualified individuals to Axiall's Board of Directors at Axiall's 2016 Annual Meeting. As of February 17, 2016, we held shares representing approximately 4.4% of the outstanding shares of common stock of Axiall.

In January 2016, OpCo announced an expansion project to increase the ethylene capacity of its ethylene plant at our Calvert City facility. The expansion is expected to increase ethylene capacity by approximately 70 million pounds annually and is targeted for completion during the first half of 2017. Combined with other incremental capacity increases, the total ethylene capacity of OpCo's ethylene plant at our Calvert City facility is expected to increase to 730 million pounds annually at the completion of this project.

On June 1, 2015, we acquired an additional 35.7% controlling interest in Suzhou Huasu Plastics Co., Ltd. ("Huasu"), a PVC joint venture based near Shanghai, in the People's Republic of China, from INEOS Chlor Vinyls Holdings B.V., increasing our interest in Huasu to 95.0%. Prior to the acquisition of this 35.7% interest, we owned a 59.3% interest in Huasu. Huasu has a combined annual capacity of 300 million pounds of PVC resin and 145 million pounds of PVC film and sheet.

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Results of Operations

Segment Data

	Year Ended December 31, 2015	2014	2013
	(dollars in thousands, except per share data)		
Net external sales			
Olefins			
Polyethylene	$1,650,964	$1,922,535	$1,750,292
Styrene, feedstock and other	609,149	801,155	803,377
Total Olefins	2,260,113	2,723,690	2,553,669
Vinyls			
PVC, caustic soda and other	1,718,359	1,203,332	800,658
Building products	484,864	488,328	405,157
Total Vinyls	2,203,223	1,691,660	1,205,815
Total	$4,463,336	$4,415,350	$3,759,484
Income (loss) from operations			
Olefins	$747,436	$1,013,825	$833,249
Vinyls	254,452	142,740	154,684
Corporate and other	(42,061)	(32,574)	(34,469)
Total income from operations	959,827	1,123,991	953,464
Interest expense	(34,656)	(37,352)	(18,082)
Other income (expense), net	38,270	(2,721)	6,790
Provision for income taxes	298,396	398,902	331,747
Net income	665,045	685,016	610,425
Net income attributable to noncontrolling interests	19,035	6,493	—
Net income attributable to Westlake Chemical Corporation	$646,010	$678,523	$610,425
Diluted earnings per share [(1)]	$4.86	$5.07	$4.55

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(1) Per share data for the year ended December 31, 2013 has been restated to reflect the effect of a two-for-one stock split on March 18, 2014. See Note 9 to the consolidated financial statements for additional information.

	Year Ended December 31, 2015		2014	
	Average Sales Price	Volume	Average Sales Price	Volume
Product sales price and volume percentage change from prior year				
Olefins	-29.2%	+12.2%	+7.4%	-0.8%
Vinyls	-18.9%	+49.1%	+0.6%	+39.7%
Company average	-25.3%	+26.3%	+5.2%	+12.2%

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	Year Ended December 31,		
	2015	2014	2013
Average industry prices [(1)]			
Ethane (cents/lb)	6.2	9.0	8.8
Propane (cents/lb)	10.7	24.7	23.7
Ethylene (cents/lb) [(2)]	30.6	58.4	57.1
Polyethylene (cents/lb) [(3)]	75.3	87.8	80.0
Styrene (cents/lb) [(4)]	60.7	82.1	83.2
Caustic ($/short ton) [(5)]	581.0	589.4	604.2
Chlorine ($/short ton) [(6)]	266.9	233.5	250.8
PVC (cents/lb) [(7)]	66.0	68.8	60.8

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(1) Industry pricing data was obtained through IHS Chemical. We have not independently verified the data.

(2) Represents average North American spot prices of ethylene over the period as reported by IHS Chemical.

(3) Represents average North American contract prices of polyethylene low density GP-Film grade over the period as reported by IHS Chemical. Effective January 1, 2015, IHS Chemical made a non-market downward adjustment of 21 cents per pound to polyethylene low density GP-Film grade prices. For comparability, we adjusted each prior-year period's polyethylene low density GP-Film grade price downward by 21 cents per pound consistent with the IHS Chemical non-market adjustment.

(4) Represents average North American contract prices of styrene over the period as reported by IHS Chemical.

(5) Represents average North American undiscounted contract prices of caustic soda over the period as reported by IHS Chemical. During the first quarter of 2013, IHS Chemical discontinued the previous caustic soda industry index that we used. For comparability, the average 2012 caustic data is based on the current index.

(6) Represents average North American contract prices of chlorine (into chemicals) over the period as reported by IHS Chemical.

(7) Represents average North American contract prices of PVC over the period as reported by IHS Chemical.

Summary

For the year ended December 31, 2015, net income attributable to Westlake Chemical Corporation was $646.0 million, or $4.86 per diluted share, on net sales of $4,463.3 million. This represents a decrease in net income of $32.5 million, or $0.21 per diluted share, from 2014 net income attributable to Westlake Chemical Corporation of $678.5 million, or $5.07 per diluted share, on net sales of $4,415.4 million. Net income for the year ended December 31, 2015 benefited from a net pre-tax gain of $20.4 million, or $0.16 per diluted share, related to the bargain purchase gain from the acquisition of a controlling interest in Huasu, net of related expenses, and a lower effective tax rate primarily due to several discrete tax items and return to provision and other adjustments, which collectively lowered the 2015 effective tax rate to 31.0% as compared to the 2015 effective tax rate on ordinary income of 33.6%. These benefits were more than offset by a decrease of $164.2 million in income from operations for the year ended December 31, 2015. Net sales for the year ended December 31, 2015 increased $47.9 million to $4,463.3 million compared to net sales for the year ended December 31, 2014 of $4,415.4 million, primarily due to sales contributed by our specialty PVC resin business, Vinnolit, which we acquired on July 31, 2014, and higher sales volumes for most of our major products, partially offset by lower sales prices for all our major products. Income from operations was $959.8 million for the year ended December 31, 2015 as compared to $1,124.0 million for the year ended December 31, 2014, a decrease of $164.2 million. The decrease in 2015 income from operations was mainly attributable to lower olefins integrated product margins, primarily caused by lower sales prices, as compared to the prior year, and costs related to several turnarounds, partially offset by the contribution from Vinnolit, increased production at our Calvert City facilities following the completion of OpCo's feedstock conversion and ethylene expansion project, higher production rates at our Geismar chlor-alkali plant and lower feedstock and energy costs, as compared to the prior year. Sales prices for the year ended December 31, 2015 were negatively impacted by the significant decline in crude oil prices.

2015 Compared with 2014

Net Sales. Net sales increased by $47.9 million, or 1.1%, to $4,463.3 million in 2015 from $4,415.4 million in 2014. This increase was mainly attributable to sales contributed by Vinnolit (primarily as a result of the inclusion of its operations in our consolidated financial statements for the full year 2015 as opposed to only five months in 2014) and, to a lesser extent, Huasu, and higher sales volumes for most of our major products, partially offset by lower sales prices for all our major products, as compared to the prior year. Average sales prices for 2015 decreased by 25.3% as compared to 2014. Sales prices for the year ended December 31, 2015 were negatively impacted by the significant decline in crude oil prices. Overall sales volume increased by 26.3% in 2015 as compared to 2014.

Gross Profit. Gross profit margin percentage decreased to 26.6% in 2015 from 29.8% in 2014. The decrease in gross profit margin percentage was mainly the result of lower olefins integrated product margins primarily due to lower sales prices. Sales prices decreased an average of 25.3% for the year ended December 31, 2015 as compared to 2014. In addition, gross profit for the year ended December 31, 2015 was negatively impacted by lost sales, lower production rates, unabsorbed fixed manufacturing costs and other costs associated with turnarounds at our various facilities. The decrease in gross profit for the year ended December 31, 2015 was partially offset by lower average feedstock and energy costs and higher vinyls integrated product margins, primarily attributable to lower feedstock costs, increased production at our Calvert City facilities following the completion of OpCo's feedstock conversion and ethylene expansion project and higher production rates at our Geismar chlor-alkali plant, as compared to the prior year.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $32.0 million, or 16.5%, in 2015 as compared to 2014. The increase was mainly attributable to general and administrative costs incurred by Vinnolit and, to a lesser extent, Huasu for the year ended December 31, 2015, an increase in payroll and related labor costs, including incentive compensation, and an increase in consulting and professional fees, as compared to 2014.

Interest Expense. Interest expense decreased by $2.7 million to $34.7 million in 2015 from $37.4 million in 2014, largely as a result of increased capitalized interest on major capital projects in 2015 as compared to 2014. Debt balances during 2015 remained relatively unchanged compared to 2014.

Other Income (Expense), Net. Other income (expense), net was net income of $38.3 million in 2015 compared to net expense of $2.7 million in 2014, primarily attributable to the bargain purchase gain from the acquisition of a controlling interest in Huasu, net of related expenses, of approximately $20.4 million, gains on foreign exchange, gains from the sales of securities and dividends received from cost method investments, partially offset by an impairment and loss from the disposition of an equity method investment.

Income Taxes. The effective income tax rate was 31.0% in 2015 as compared to 36.8% in 2014. The effective income tax rate for 2015 was below the U.S. federal statutory rate of 35.0% primarily due to the benefit of state tax credits, the domestic manufacturing deduction, income attributable to noncontrolling interests, the non-recognition of tax related to the bargain purchase of a controlling interest in Huasu, the foreign earnings rate differential and the increased benefit in certain prior years' deductions due to a change in the calculation methodology of the domestic manufacturing deduction and adjustments related to prior years' tax returns as filed, partially offset by state income taxes. The effective income tax rate for 2014 was above the U.S. federal statutory rate of 35.0% primarily due to state income taxes, partially offset by state tax credits and the domestic manufacturing deduction.

Olefins Segment

Net Sales. Net sales decreased by $463.6 million, or 17.0%, to $2,260.1 million in 2015 from $2,723.7 million in 2014, mainly due to lower sales prices for our major products, partially offset by higher sales volumes for our major products as compared to the prior year. Average sales prices for the Olefins segment decreased by 29.2% in 2015 as compared to 2014, while average sales volumes increased by 12.2% in 2015 as compared to 2014.

Income from Operations. Income from operations was $747.4 million in 2015 as compared to $1,013.8 million in 2014. This decrease was predominantly attributable to lower olefins integrated product margins, primarily as a result of lower sales prices, partially offset by higher sales volumes and lower feedstock and energy costs for 2015 as compared to 2014. Trading activity for 2015 resulted in a loss of $11.4 million as compared to a loss of $9.7 million for 2014.

Vinyls Segment

Net Sales. Net sales increased by $511.5 million, or 30.2%, to $2,203.2 million in 2015 from $1,691.7 million in 2014. This increase was primarily attributable to sales contributed by Vinnolit and, to a lesser extent, Huasu and higher sales volumes for caustic soda and PVC resin, partially offset by lower sales prices for our major products. Average sales prices for the Vinyls segment decreased by 18.9% in 2015 as compared to 2014. Average sales volumes increased by 49.1% in 2015 as compared to 2014, primarily related to sales contributed by Vinnolit and, to a lesser extent, Huasu, as compared to the prior year.

Income from Operations. Income from operations was $254.5 million in 2015 as compared to $142.7 million in 2014. This increase was primarily driven by higher vinyls integrated product margins for the year ended December 31, 2015, mainly attributable to the contribution from Vinnolit, lower feedstock costs and increased production at our Calvert City facilities

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following the completion of OpCo's feedstock conversion and ethylene expansion project and higher caustic soda sales volume primarily attributable to higher production rates at our Geismar chlor-alkali plant, as compared to 2014. The increase in income from operations for the year ended December 31, 2015 was partially offset by lost sales, lower production rates and other costs associated with the turnarounds at our various North American and European facilities, lower sales prices for our major products and reduced sales volume in Europe related to an ethylene shortage. Income from operations for 2014 was negatively impacted by the effect of selling higher cost Vinnolit inventory recorded at fair value as a result of the acquisition, the lost sales, lower production rates and other costs associated with the turnaround at our Calvert City facilities and OpCo's Calvert City ethylene plant's feedstock conversion and expansion project and, prior to the completion of OpCo's Calvert City ethylene plant's feedstock conversion project, lower vinyls integrated product margins attributable to significantly higher propane costs.

2014 Compared with 2013

Net Sales. Net sales increased by $655.9 million, or 17.4%, to $4,415.4 million in 2014 from $3,759.5 million in 2013. This increase was mainly attributable to sales contributed by Vinnolit and North American Specialty Products, higher sales prices for most of our major products and higher ethylene, caustic and polyethylene sales volumes, partially offset by lower ethylene co-products and styrene sales volumes. Ethylene co-products sales volumes were lower in 2014, as compared to the prior year, primarily due to the planned shut-down of OpCo's Calvert City ethylene plant as a result of the feedstock conversion and ethylene expansion project, and the change to ethane feedstock currently utilized at OpCo's Calvert City ethylene plant following the completion of such project in early 2014. Average sales prices for 2014 increased by 5.2% as compared to 2013. Overall sales volume increased by 12.2% in 2014 as compared to 2013.

Gross Profit. Gross profit margin percentage increased to 29.8% in 2014 from 29.3% in 2013. The improvement in gross profit margin percentage was mainly due to the improved olefins integrated product margins, primarily as a result of higher polyethylene sales prices and the increased ethylene production at our Lake Charles facility after the first quarter 2013 completion of the Petro 2 ethylene unit expansion and its conversion to 100% ethane feedstock capability. In addition, olefins integrated product margins benefited from an increase in sales prices that outpaced increases in feedstock and energy costs in 2014, as compared to the prior year. Our raw material cost in both segments normally tracks industry prices, which experienced an increase of 2.3% and 4.2% for ethane and propane, respectively, in 2014 as compared to 2013. Sales prices increased an average of 5.2% for 2014 as compared to 2013. The gross profit margin for 2014 was negatively impacted by lost sales, lower production rates, unabsorbed fixed manufacturing costs and other costs associated with the turnaround at our Calvert City and Gendorf facilities and OpCo's Calvert City ethylene plant's feedstock conversion and expansion project.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $45.4 million, or 30.7%, in 2014 as compared to 2013. The increase was mainly attributable to general and administrative costs incurred by Vinnolit for the period from July 31, 2014 to December 31, 2014, an increase in payroll and related labor costs, including incentive compensation, and an increase in consulting and professional fees, partially offset by a decrease in the provision for doubtful accounts.

Interest Expense. Interest expense increased by $19.3 million to $37.4 million in 2014 from $18.1 million in 2013, largely due to decreased capitalized interest on major capital projects in 2014 as compared to 2013. Debt balances during 2014 remained relatively unchanged compared to 2013.

Other (Expense) Income, Net. Other (expense) income, net was net expense of $2.7 million in 2014 compared to net income of $6.8 million in 2013, primarily attributable to higher losses on foreign exchange and the partial impairment of an equity method investment, partially offset by higher income from our other equity method investments and net realized gains from the sales and maturities of available-for-sale securities.

Income Taxes. The effective income tax rate was 36.8% in 2014 as compared to 35.2% in 2013. The effective income tax rate for 2014 was above the U.S. federal statutory rate of 35.0% primarily due to state income taxes, partially offset by state tax credits and the domestic manufacturing deduction. The effective income tax rate for 2013 was above the U.S. federal statutory rate of 35.0% primarily due to state income taxes, mostly offset by state tax credits and the domestic manufacturing deduction.

Olefins Segment

Net Sales. Net sales increased by $170.0 million, or 6.7%, to $2,723.7 million in 2014 from $2,553.7 million in 2013, mainly due to higher sales prices and sales volumes for most of our major products, partially offset by lower styrene sales volumes. Average sales prices for the Olefins segment increased by 7.4% in 2014 as compared to 2013, while average sales volumes decreased marginally by 0.8% in 2014 as compared to 2013.

Income from Operations. Income from operations was $1,013.8 million in 2014 as compared to $833.2 million in 2013. This increase was predominantly driven by improved olefins integrated product margins, primarily as a result of the increased ethylene production at our Lake Charles facility after the first quarter 2013 completion of the Petro 2 ethylene unit expansion and its conversion to 100% ethane feedstock capability. In addition, olefins integrated product margins benefited from an increase in sales prices that outpaced increases in feedstock and energy costs as average sales prices for the Olefins segment increased by 7.4% in 2014 as compared to 2013. Trading activity for 2014 resulted in a loss of $9.7 million as compared to a gain of $5.4 million for 2013. Income from operations for 2013 was negatively impacted by the lost production and the expensing of $19.9 million related to unabsorbed fixed manufacturing costs and other costs associated with the turnaround and expansion of the Petro 2 ethylene unit.

Vinyls Segment

Net Sales. Net sales increased by $485.9 million, or 40.3%, to $1,691.7 million in 2014 from $1,205.8 million in 2013. This increase was primarily attributable to sales contributed by Vinnolit and North American Specialty Products, higher caustic sales volumes and higher PVC resin sales prices, partially offset by lower OpCo ethylene co-products sales volumes. OpCo's ethylene co-products sales volumes were lower in 2014, as compared to 2013, primarily due to the planned shutdown of OpCo's Calvert City ethylene plant as a result of the feedstock conversion and ethylene expansion project and the ethane feedstock currently utilized at OpCo's Calvert City ethylene plant following the completion of such project. Average sales prices for the Vinyls segment increased marginally by 0.6% in 2014 as compared to 2013, while average sales volumes increased by 39.7% in 2014 as compared to 2013.

Income from Operations. Income from operations was $142.7 million in 2014 as compared to $154.7 million in 2013. This decrease was mainly caused by lost sales, lower production rates and the expensing of $27.1 million related to unabsorbed fixed manufacturing costs and other costs associated with the turnaround at our Gendorf and Calvert City facilities and OpCo's Calvert City ethylene plant's feedstock conversion and expansion project. In addition, income from operations for 2014 was negatively impacted by the effect of selling higher cost Vinnolit inventory recorded at fair value and the severe winter weather experienced in early 2014, which resulted in significantly higher propane feedstock costs. The decrease was partially offset by lower feedstock costs at OpCo's Calvert City ethylene plant following the completion of the feedstock conversion and ethylene expansion project and the change in feedstock utilized from propane feedstock to lower-cost ethane feedstock, as compared to the prior year.

Cash Flows

Operating Activities

Operating activities provided cash of $1,078.8 million in 2015 compared to cash provided of $1,032.4 million in 2014. The $46.4 million increase in cash flows from operating activities was mainly due to a decrease in working capital requirements, as compared to 2014. Cash flows from operating activities for 2014 were negatively impacted by costs related to the formation and initial public offering of Westlake Partners and costs associated with the acquisition of Vinnolit, our specialty PVC resin business. Changes in components of working capital, which we define for purposes of this cash flow discussion as net accounts receivable, inventories, prepaid expenses and other current assets, less accounts payable and accrued liabilities, provided cash of $128.6 million in 2015, compared to $69.6 million of cash provided in 2014, a favorable change of $59.0 million. The change was mainly due to lower accounts receivable and inventory balances mainly as a result of lower product prices during 2015, partially offset by a decrease in current liabilities (accounts payable and accrued liabilities), as compared to 2014.

Operating activities provided cash of $1,032.4 million in 2014 compared to $752.7 million in 2013. The $279.7 million increase in cash flows from operating activities was mainly due to an increase in income from operations and a decrease in the use of cash for working capital purposes, as compared to 2013. Income from operations increased by $170.5 million in 2014 as compared to 2013 primarily as a result of higher olefins integrated product margins as compared to the prior year, partially offset by lost sales, lower production rates, unabsorbed fixed manufacturing costs and other costs associated with the turnaround at our Calvert City and Gendorf facilities and OpCo's Calvert City ethylene plant's feedstock conversion and expansion project. Cash flows from operating activities for 2014 were also negatively impacted by costs associated with the formation and initial public offering of Westlake Partners and costs associated with the Vinnolit acquisition. Cash flows from operating activities for 2013 were negatively impacted by deferred turnaround costs from the turnaround of the Petro 2 ethylene unit. Changes in components of working capital provided cash of $69.6 million in 2014, compared to $63.2 million of cash used in 2013, a favorable change of $132.8 million. The change was mainly attributable to a decrease in inventory during 2014 as compared to 2013, primarily due to less higher-cost propane held in inventory, as raw materials or in finished goods, at the end of the year. In addition, Vinnolit's inventory decreased during the period from July 31, 2014 to December 31, 2014 as higher cost inventory recorded at fair value was sold.

Investing Activities

Net cash used for investing activities during 2015 was $1,006.2 million as compared to net cash used of $773.2 million in 2014. Capital expenditures were $491.4 million in 2015 compared to $431.1 million in 2014. Purchases of securities in 2015 totaled $605.1 million and were comprised of corporate debt securities, U.S. government debt securities and equity securities. In connection with the Vinnolit acquisition in 2014, we had previously sold similar securities to raise the cash used to purchase Vinnolit. Capital expenditures in 2015 were mainly incurred on the planned upgrade and expansion of OpCo's Petro 1 ethylene unit at our Lake Charles site. Capital expenditures in 2014 were mainly incurred on OpCo's feedstock conversion and ethylene expansion project and our PVC plant expansion project at our Calvert City site and the planned upgrade and expansion of OpCo's Petro 1 ethylene unit at our Lake Charles site. The remaining capital expenditures in 2015 and 2014 primarily related to projects to improve production capacity or reduce costs, maintenance and safety projects and environmental projects at our various facilities. We acquired cash of $15.8 million, net of cash paid, in connection with the acquisition of Huasu. We also received aggregate proceeds of $48.9 million from the sales and maturities of our investments in 2015. Other 2014 activity was primarily related to the acquisition of Vinnolit, the capital expenditures described above, the purchase of securities and the receipt of proceeds from the sales and maturities of our investments.

Net cash used for investing activities during 2014 was $773.2 million as compared to net cash used of $1,002.2 million in 2013, primarily related to lower capital expenditures in 2014 compared to 2013. Capital expenditures were $431.1 million in 2014 compared to $679.2 million in 2013, a decrease mainly attributable to the completion of the new chlor-alkali plant at our Geismar site in December 2013. Capital expenditures in 2014 were mainly incurred on OpCo's feedstock conversion and ethylene expansion project and our PVC plant expansion project at our Calvert City site and the planned upgrade and expansion of OpCo's Petro 1 ethylene unit at our Lake Charles site. Capital expenditures in 2013 were mainly incurred on the construction of the new Geismar chlor-alkali plant, the expansion of the Petro 2 ethylene unit at our Lake Charles site and the feedstock conversion and ethylene furnaces modernization projects at our Calvert City site. The remaining capital expenditures in 2014 and 2013 primarily related to projects to improve production capacity or reduce costs, maintenance and safety projects and environmental projects at our various facilities. We used $611.1 million, net of cash acquired, for the acquisition of Vinnolit. Purchases of securities in 2014 totaled $117.3 million and were comprised of corporate and U.S. government debt securities and equity securities. We also received aggregate proceeds of $342.0 million from the sales and maturities of our investments in 2014. The 2013 activity was primarily related to the acquisition of our specialty PVC pipe business and the purchases of, and the receipt of proceeds from the maturities of, short-term commercial paper.

Financing Activities

Net cash used for financing activities during 2015 was $286.8 million as compared to net cash provided of $164.6 million in 2014. The 2015 activity was primarily related to the $91.6 million payment of cash dividends, the $14.9 million payment of cash distributions to noncontrolling interests and the $162.5 million of cash used for the repurchases of shares of our common stock, partially offset by the receipt of proceeds of $1.1 million from the exercise of stock options. In addition, we repaid $73.6 million of Huasu's short-term notes payable to banks in connection with the payment of suppliers through letters of credit, partially offset by $53.0 million of proceeds received by Huasu from the issuance of such letters of credit. The 2014 activity was mainly related to the $286.1 million net proceeds from the initial public offering of Westlake Partners common units and the proceeds from the exercise of stock options, partially offset by the payment of cash dividends and the repurchase of shares of our common stock.

Net cash provided by financing activities during 2014 was $164.6 million as compared to net cash used of $79.3 million in 2013. Net proceeds from the issuance of Westlake Partners common units was $286.1 million. The initial public offering represented the sale of 47.8% of the common units in Westlake Partners. See Note 20 to the consolidated financial statements for further discussion of Westlake Partners and its initial public offering. The remaining 2014 activity was primarily related to the $77.7 million payment of cash dividends, the $52.6 million of cash used for the repurchases of shares of our common stock, distributions to the public unit holders of Westlake Partners common units and fees incurred in connection with the amendment and restatement of our revolving credit facility in July 2014, partially offset by proceeds of $5.5 million from the exercise of stock options. The 2013 activity was mainly related to the $55.2 million payment of cash dividends and the $32.9 million of cash used for the repurchases of shares of our common stock, partially offset by proceeds from the exercise of stock options.

Liquidity and Capital Resources

Liquidity and Financing Arrangements

Our principal sources of liquidity are from cash and cash equivalents, investments in current marketable securities, cash from operations, short-term borrowings under our revolving credit facility and our long-term financing.

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In January 2016, OpCo announced an expansion project to increase the ethylene capacity of its ethylene plant at our Calvert City facility. The expansion is expected to increase ethylene capacity by approximately 70 million pounds annually and is targeted for completion during the first half of 2017. This capital project is currently estimated to cost in the range of $70.0 million to $80.0 million and is expected to be funded with cash on hand, cash flow from operations, and, if necessary, borrowings under each of our and OpCo's revolving credit facility and other external financing. Combined with other incremental capacity increases, the total ethylene capacity of OpCo's ethylene plant at our Calvert City facility is expected to increase to 730 million pounds annually at the completion of this project.

In April 2011, we announced an expansion program to increase the ethane-based ethylene capacity of both of OpCo's ethylene units at our Lake Charles site. We completed the expansion of the Petro 2 ethylene unit in the first quarter of 2013. OpCo currently plans to begin the upgrade and capacity expansion of its Petro 1 ethylene unit at our Lake Charles site in the second quarter of 2016. This project is currently estimated to cost OpCo in the range of $275.0 million to $335.0 million and is expected to add approximately 250 million pounds of ethylene capacity. The additional capacity from this expansion is expected to provide ethylene for existing internal uses and may also be sold in the merchant market. This capital project is expected to be funded with cash on hand, cash flow from operations, and, if necessary, borrowings under each of our and OpCo's revolving credit facility and other external financing. As of December 31, 2015, OpCo had incurred a total cost of approximately $201.1 million on this capital project.

In August 2011, our Board of Directors authorized a $100.0 million stock repurchase program (the "2011 Program"). As of March 31, 2015, we had repurchased 1,944,161 shares of our common stock for an aggregate purchase price of approximately $100.0 million under the 2011 Program, the full amount of the 2011 Program. In November 2014, our Board of Directors approved a new $250.0 million stock repurchase program (the "2014 Program"). On November 20, 2015, our Board of Directors approved the expansion of the 2014 Program by an additional $150.0 million. As of December 31, 2015, we had repurchased 2,682,489 shares of our common stock for an aggregate purchase price of approximately $162.0 million under the 2014 Program. During the three months ended December 31, 2015, we repurchased 726,618 shares of our common stock for an aggregate purchase price of approximately $40.9 million under the 2014 Program. Purchases under the 2014 Program may be made either through the open market or in privately negotiated transactions. Decisions regarding the amount and the timing of purchases under the 2014 Program will be influenced by our cash on hand, our cash flow from operations, general market conditions and other factors. The 2014 Program may be discontinued by our Board of Directors at any time.

We believe that our sources of liquidity as described above will be adequate to fund our normal operations and ongoing capital expenditures. Funding of any potential large expansions or any potential acquisitions would likely necessitate and therefore depend on our ability to obtain additional financing in the future. We may not be able to access additional liquidity at cost effective interest rates due to the volatility of the commercial credit markets. Our management believes that borrowing under our revolving credit facility should be available up to our borrowing base, if needed. At December 31, 2015, the borrowing base of our credit facility was $350.9 million, which is below the maximum borrowing capacity of $400.0 million due to our low carrying amount of accounts receivable and inventory, which make up the borrowing base.

Cash, Cash Equivalents and Current Marketable Securities

As of December 31, 2015, our cash, cash equivalents and current marketable securities totaled $1.2 billion. In addition, we have a revolving credit facility available to supplement cash if needed, as described under "Debt" below.

Debt

As of December 31, 2015, our long-term debt, including current maturities, totaled $764.1 million, consisting of $250.0 million principal amount of 3.60% Notes Due 2022 (less the unamortized discount of $0.8 million), $100.0 million of 6 ½% senior notes due 2029, $250.0 million of 6 ¾% senior notes due 2032, $89.0 million of 6 ½% senior notes due 2035 (the "6 ½% GO Zone Senior Notes Due 2035"), $65.0 million of 6 ½% senior notes due 2035 (the "6 ½% IKE Zone Senior Notes Due 2035") (collectively, but excluding the 3.60% Notes Due 2022, the "Senior Notes") and a $10.9 million loan from the proceeds of tax-exempt waste disposal revenue bonds (supported by an $11.3 million letter of credit). The 6 ½% senior notes due 2029, the 6 ¾% senior notes due 2032, the 6 ½% GO Zone Senior Notes Due 2035 and the 6 ½% IKE Zone Senior Notes Due 2035 evidence and secure our obligations to the Louisiana Local Government Environmental Facility and Development Authority (the "Authority"), a political subdivision of the State of Louisiana, under four loan agreements relating to the issuance of $100.0 million, $250.0 million, $89.0 million and $65.0 million aggregate principal amount of the Authority's tax-exempt revenue bonds, respectively. As of December 31, 2015, debt outstanding under the tax-exempt waste disposal revenue bonds bore interest at a variable rate. As of December 31, 2015, we were in compliance with all of the covenants with respect to the 3.60% Notes Due 2022, the Senior Notes, our waste disposal revenue bonds and our revolving credit facility.

Our ability to make payments on our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future, which is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Based on our current level of operations and unless we were to undertake a new expansion or large acquisition, we believe our cash flow from operations, available cash and available borrowings under our revolving credit facility will be adequate to meet our normal operating needs for the foreseeable future.

Revolving Credit Facility

We have a $400.0 million senior secured revolving credit facility. The facility includes a provision permitting us to increase the size of the facility, up to four times, in increments of at least $25.0 million each (up to a maximum of $200.0 million) under certain circumstances if certain lenders agree to commit to such an increase.

The facility allows us to borrow up to (1) 85% of the net amount of eligible accounts receivable, plus (2) the lesser of (a) 70% of the value of the lower of cost or market of eligible inventory, or (b) 85% of the appraised net orderly liquidation value of all eligible inventory, plus (3) 100% of cash held in an account with the agent under the credit facility and subject to a control agreement with the agent, minus (4) such reserves as the agent may establish. The facility includes a $400.0 million sub-limit for letters of credit, and any outstanding letters of credit will be deducted from availability under the facility.

At December 31, 2015, we had no borrowings outstanding under the revolving credit facility. Any borrowings under the facility will bear interest at either LIBOR plus a spread ranging from 1.25% to 1.75%, provided that so long as we are rated investment grade, the margin for LIBOR loans will not exceed 1.50%, or a base rate plus a spread ranging from 0.0% to 0.50%. The revolving credit facility also requires an unused commitment fee of 0.25% per annum. All interest rates under the facility are subject to monthly grid pricing adjustments based on prior month average daily loan availability. The revolving credit facility matures on July 17, 2019. As of December 31, 2015, we had outstanding letters of credit totaling $30.1 million and borrowing availability of $320.8 million under the revolving credit facility.

Our revolving credit facility generally restricts our ability to make distributions unless, on a pro forma basis after giving effect to the distribution, the borrowing availability under the facility equals or exceeds the greater of (1) 20% of the commitments under the facility and (2) $80.0 million; or the borrowing availability under the facility equals or exceeds the greater of (1) 15% of the commitments under the facility and (2) $60.0 million, and our fixed charge coverage ratio is at least 1.0:1. However, we may make specified distributions up to an aggregate of $82.7 million in 2016, to be increased by 5% in each fiscal year thereafter, on an aggregate basis, for each fiscal year.

In order to make acquisitions or investments, our revolving credit facility provides that (1) we must maintain a minimum borrowing availability of at least the greater of $60.0 million or 15% of the total bank commitments under our revolving credit facility or (2) we must maintain a minimum borrowing availability of at least the greater of $50.0 million or 12.5% of the total bank commitments under our revolving credit facility and meet a minimum fixed charge coverage ratio of 1.0:1 under our revolving credit facility. Notwithstanding the foregoing, we may make investments in the aggregate up to the greater of $50.0 million and 1.25% of tangible assets and acquisitions in the aggregate up to the greater of $100.0 million and 2.5% of tangible assets, if, on a pro forma basis after giving effect to the acquisition or investment, either (X) the borrowing availability under the facility equals or exceeds the greater of (A) 12.5% of the total bank commitments under the facility and (B) $50.0 million, but is less than the greater of (A) 15% of the total bank commitments and (B) $60.0 million, or (Y) our fixed charge coverage ratio is at least 1.0:1.

The revolving credit facility contains other customary covenants and events of default that impose significant operating and financial restrictions on us. These restrictions, among other things, provide limitations on the occurrence of additional indebtedness and our ability to create liens, to engage in certain affiliate transactions and to engage in sale-leaseback transactions.

3.60% Senior Notes due 2022

In July 2012, we issued $250.0 million aggregate principal amount of the 3.60% Notes Due 2022. The 3.60% Notes Due 2022 are unsecured and were issued with an original issue discount of $1.2 million. There is no sinking fund and no scheduled amortization of the 3.60% Notes Due 2022 prior to maturity. We may optionally redeem the 3.60% Notes Due 2022 at any time and from time to time prior to April 15, 2022 (three months prior to the maturity date) for 100% of the principal plus accrued interest and a discounted "make whole" payment. On or after April 15, 2022, we may optionally redeem the 3.60% Notes Due 2022 for 100% of the principal plus accrued interest. The holders of the 3.60% Notes Due 2022 may require us to repurchase the 3.60% Notes Due 2022 at a price of 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase, upon the occurrence of both a "change of control" and, within 60 days of such change of control, a "below investment grade rating event" (as such terms are defined in the indenture governing the 3.60% Notes Due 2022). All of our domestic subsidiaries that guarantee other indebtedness of ours or of another guarantor of the 3.60% Notes Due 2022 in excess of $5.0 million are guarantors of the 3.60% Notes Due 2022.

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The indenture governing the 3.60% Notes Due 2022 contains customary events of default and covenants that will restrict our and certain of our subsidiaries' ability to (1) incur certain secured indebtedness, (2) engage in certain sale-leaseback transactions and (3) consolidate, merge or transfer all or substantially all of our assets.

GO Zone Bonds

In December 2010, the Authority completed the offering of $89.0 million of 6 ½% tax-exempt revenue bonds due November 1, 2035 under the Gulf Opportunity Zone Act of 2005 (the "GO Zone Act"). The bonds are subject to optional redemption by the Authority upon the direction of the Company at any time prior to November 1, 2020 for 100% of the principal plus accrued interest and a discounted "make whole" payment. On or after November 1, 2020, the bonds are subject to optional redemption by the Authority upon the direction of the Company for 100% of the principal plus accrued interest.

In July 2010, the Authority completed the reoffering of $100.0 million of 6 ½% tax-exempt revenue bonds due August 1, 2029 under the GO Zone Act. The bonds are subject to optional redemption by the Authority upon the direction of the Company at any time prior to August 1, 2020 for 100% of the principal plus accrued interest and a discounted "make whole" payment. On or after August 1, 2020, the bonds are subject to optional redemption by the Authority upon the direction of the Company for 100% of the principal plus accrued interest.

In December 2007, the Authority issued $250.0 million of 6 ¾% tax-exempt revenue bonds due November 1, 2032 under the GO Zone Act. The bonds are subject to optional redemption by the Authority upon the direction of the Company at any time prior to November 1, 2017 for 100% of the principal plus accrued interest and a discounted "make whole" payment. On or after November 1, 2017, the bonds are subject to optional redemption by the Authority upon the direction of the Company for 100% of the principal plus accrued interest.

Each series of the bonds is subject to redemption and the holders may require the bonds to be repurchased upon a change of control or a change in or loss of the current tax status of the bonds. In addition, the bonds are subject to optional redemption by the Authority upon the direction of the Company if certain events have occurred in connection with the operation of the projects for which the bond proceeds may be used, including if the Company has determined that the continued operation of any material portion of the projects would be impracticable, uneconomical or undesirable for any reason.

In connection with each offering of the bonds, we entered into a loan agreement with the Authority pursuant to which we agreed to pay all of the principal, premium, if any, and interest on the bonds and certain other amounts to the Authority. The net proceeds from the offerings were lent by the Authority to us. We used the proceeds to expand, refurbish and maintain certain of our facilities in the Louisiana Parishes of Calcasieu and Ascension. The bonds are unsecured and rank equally in right of payment with other existing and future unsecured senior indebtedness. All domestic restricted subsidiaries that guarantee other debt of ours or of another guarantor of the Senior Notes in excess of $5.0 million are guarantors of the bonds. As of December 31, 2015, we had drawn all the proceeds from the 6 ½% bonds due 2029, 6 ¾% bonds due 2032 and 6 ½% bonds due 2035.

IKE Zone Bonds

In December 2010, the Authority completed the offering of $65.0 million of 6 ½% tax-exempt revenue bonds due November 1, 2035 under Section 704 of the Emergency Economic Stabilization Act of 2008. The bonds are subject to optional redemption by the Authority upon the direction of the Company at any time prior to November 1, 2020 for 100% of the principal plus accrued interest and a discounted "make whole" payment. On or after November 1, 2020, the bonds are subject to optional redemption by the Authority upon the direction of the Company for 100% of the principal plus accrued interest. The bonds are subject to redemption, repurchase by the holders upon a change of control or a change in or loss of the current tax status of the bonds and optional redemption by the Authority under terms substantially similar to the terms for the GO Zone Bonds.

In connection with the offering of the bonds, we entered into a loan agreement with the Authority pursuant to which we agreed to pay all of the principal, premium, if any, and interest on the bonds and certain other amounts to the Authority. The net proceeds from the offering were lent by the Authority to us. We used the proceeds to expand, refurbish and maintain certain of our facilities in the Louisiana Parish of Calcasieu. The 6 ½% IKE Zone Senior Notes Due 2035 are unsecured and rank equally in right of payment with other existing and future unsecured senior indebtedness. All domestic restricted subsidiaries that guarantee other debt of ours or of another guarantor of the

Senior Notes in excess of $5.0 million are guarantors of the 6 ½% IKE Zone Senior Notes Due 2035. As of December 31, 2015, we had drawn all the proceeds from the 6 ½% IKE Zone Senior Notes Due 2035.
The indentures governing the Senior Notes contain customary covenants and events of default. Accordingly, these agreements generally impose significant operating and financial restrictions on us. These restrictions, among other things,

provide limitations on incurrence of additional indebtedness, the payment of dividends, certain investments and acquisitions and sales of assets. However, the effectiveness of certain of these restrictions is currently suspended because the Senior Notes are currently rated investment grade by at least two nationally recognized credit rating agencies. The most significant of these provisions, if it were currently effective, would restrict us from incurring additional debt, except specified permitted debt (including borrowings under our credit facility), when our fixed charge coverage ratio is below 2.0:1. These limitations are subject to a number of important qualifications and exceptions, including, without limitation, an exception for the payment of our regular quarterly dividend of up to $0.10 per share. If the restrictions were currently effective, distributions in excess of $100.0 million would not be allowed unless, after giving pro forma effect to the distribution, our fixed charge coverage ratio is at least 2.0:1 and such payment, together with the aggregate amount of all other distributions after January 13, 2006, is less than the sum of 50% of our consolidated net income for the period from October 1, 2003 to the end of the most recent quarter for which financial statements have been filed, plus 100% of net cash proceeds received after October 1, 2003 as a contribution to our common equity capital or from the issuance or sale of certain securities, plus several other adjustments.

Revenue Bonds

In December 1997, we entered into a loan agreement with a public trust established for public purposes for the benefit of the Parish of Calcasieu, Louisiana. The public trust issued $10.9 million principal amount of tax-exempt waste disposal revenue bonds in order to finance our construction of waste disposal facilities for an ethylene plant. The waste disposal revenue bonds expire in December 2027 and are subject to redemption and mandatory tender for purchase prior to maturity under certain conditions. Interest on the waste disposal revenue bonds accrues at a rate determined by a remarketing agent and is payable quarterly. The interest rate on the waste disposal revenue bonds at December 31, 2015 and 2014 was 0.07% and 0.05%, respectively.

Westlake Partners Credit Arrangements

Our subsidiary, Westlake Chemical Finance Corporation, is the lender party to a $300.0 million revolving credit facility with Westlake Partners, entered into on April 29, 2015. The revolving credit facility matures on April 29, 2018. Borrowings under the revolver bear interest at LIBOR plus a spread ranging from 2.0% to 3.0% (depending on Westlake Partners' consolidated leverage ratio), payable quarterly. Westlake Partners may pay all or a portion of the interest on any borrowings in kind, in which case any such amounts would be added to the principal amount of the loan. As of December 31, 2015, outstanding borrowings under the credit facility totaled $135.3 million and bore interest at the LIBOR rate plus 2.0%.

Our subsidiary, Westlake Development Corporation, is the lender party to a $600.0 million revolving credit facility with OpCo. The revolving credit facility matures in 2019. As of December 31, 2015, outstanding borrowings under the credit facility totaled $216.9 million and bore interest at the LIBOR rate plus 3.0%, which is accrued in arrears quarterly.

We consolidate Westlake Partners and OpCo for financial reporting purposes as we have a controlling financial interest. As such, the revolving credit facilities described above between our subsidiaries and Westlake Partners and OpCo are eliminated upon consolidation.

Contractual Obligations and Commercial Commitments

In addition to long-term debt, we are required to make payments relating to various types of obligations. The following table summarizes our contractual obligations as of December 31, 2015 relating to long-term debt, operating leases, capital leases, pension benefits funding, post-retirement healthcare benefits, purchase obligations and interest payments for the next five years and thereafter. The amounts do not include deferred charges and other items classified in other liabilities in the consolidated balance sheet due to the uncertainty of the future payment schedule.

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	Payment Due by Period				
	Total	2016	2017-2018	2019-2020	Thereafter
	(dollars in millions)				
Contractual Obligations					
Long-term debt	$764.1	$—	$—	$—	$764.1
Operating leases	756.2	43.2	77.4	53.3	582.3
Capital leases	2.0	0.2	0.5	0.5	0.8
Pension benefits funding	92.1	4.4	5.8	6.7	75.2
Post-retirement healthcare benefits	12.8	1.2	2.8	2.8	6.0
Purchase obligations	6,998.1	1,283.8	964.4	812.4	3,937.5
Interest payments	630.8	42.4	84.8	84.8	418.8
Total	$9,256.1	$1,375.2	$1,135.7	$960.5	$5,784.7
Other Commercial Commitments					
Standby letters of credit	$35.5	$30.1	$—	$—	$5.4

Long-Term Debt. Long-term debt consists of the 3.60% Notes Due 2022, the 6 ½% senior notes due 2029, the 6 ¾% senior notes due 2032, the 6 ½% GO Zone Senior Notes Due 2035, the 6 ½% IKE Zone Senior Notes Due 2035 and the tax-exempt waste disposal revenue bonds.

Operating Leases. We lease various facilities and equipment under noncancelable operating leases (primarily related to rail car leases and land) for various periods.

Capital Leases. This includes scheduled installments of principal and imputed interest on our capital lease obligations.

Pension Benefits Funding. We have defined benefit pension plans which cover certain eligible employees in the United States and non-U.S. countries. See the discussion in Note 11 to the consolidated financial statements for more information.

Post-retirement Healthcare Benefits. We provide post-retirement healthcare benefits to the employees of two subsidiaries who meet certain minimum age and service requirements. See the discussion in Note 11 to the consolidated financial statements for more information.

Purchase Obligations. Purchase obligations include agreements to purchase goods and services that are enforceable and legally binding and that specify all significant terms, including a minimum quantity and price. We are party to various obligations to purchase goods and services, including commitments to purchase various feedstock, utilities, nitrogen, oxygen, product storage, pipeline usage and logistic support, in each case in the ordinary course of our business, as well as various purchase commitments for our capital projects. The amounts shown in the table above reflect our estimates based on the contractual quantities and the prices in effect under contractual agreements as of December 31, 2015.

Interest Payments. Interest payments are based on interest rates in effect at December 31, 2015 and assume contractual amortization payments.

Standby Letters of Credit. This includes (1) our obligation under an $11.3 million letter of credit issued in connection with the $10.9 million tax-exempt waste disposal revenue bonds and (2) other letters of credit totaling $24.2 million issued primarily to support commercial obligations and obligations under our insurance programs, including workers' compensation claims.

Off-Balance Sheet Arrangements

None.

Critical Accounting Policies

Critical accounting policies are those that are important to our financial condition and require management's most difficult, subjective or complex judgments. Different amounts would be reported under different operating conditions or under alternative assumptions. We have evaluated the accounting policies used in the preparation of the accompanying consolidated financial statements and related notes and believe those policies are reasonable and appropriate.

We apply those accounting policies that we believe best reflect the underlying business and economic events, consistent with GAAP. Our more critical accounting policies include those related to long-lived assets, fair value estimates, accruals for

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long-term employee benefits, accounts receivable, income taxes and environmental and legal obligations. Inherent in such policies are certain key assumptions and estimates. We periodically update the estimates used in the preparation of the financial statements based on our latest assessment of the current and projected business and general economic environment. Our significant accounting policies are summarized in Note 1 to the audited consolidated financial statements appearing elsewhere in this Form 10-K. We believe the following to be our most critical accounting policies applied in the preparation of our financial statements.

Long-Lived Assets. Key estimates related to long-lived assets include useful lives, recoverability of carrying values and existence of any retirement obligations. Such estimates could be significantly modified. The carrying values of long-lived assets could be impaired by significant changes or projected changes in supply and demand fundamentals (which would have a negative impact on operating rates or margins), new technological developments, new competitors with significant raw material or other cost advantages, adverse changes associated with the United States and world economies, the cyclical nature of the chemical and refining industries and uncertainties associated with governmental actions.

We evaluate long-lived assets for potential impairment indicators whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, including when negative conditions such as significant current or projected operating losses exist. Our judgments regarding the existence of impairment indicators are based on legal factors, market conditions and the operational performance of our businesses. Actual impairment losses incurred could vary significantly from amounts estimated. Long-lived assets assessed for impairment are grouped at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Additionally, future events could cause us to conclude that impairment indicators exist and that associated long-lived assets of our businesses are impaired. Any resulting impairment loss could have a material adverse impact on our financial condition and results of operations.

The estimated useful lives of long-lived assets range from one to 35 years. Depreciation and amortization of these assets, including amortization of deferred turnaround costs, under the straight-line method over their estimated useful lives totaled $245.8 million, $208.5 million and $157.8 million in 2015, 2014 and 2013, respectively. If the useful lives of the assets were found to be shorter than originally estimated, depreciation or amortization charges would be accelerated.

We defer the costs of planned major maintenance activities, or turnarounds, and amortize the costs over the period until the next planned turnaround of the affected unit. Total costs deferred on turnarounds were $3.2 million, $0.3 million and $59.1 million in 2015, 2014 and 2013, respectively. Amortization in 2015, 2014 and 2013 of previously deferred turnaround costs was $18.5 million, $19.2 million and $17.7 million, respectively. As of December 31, 2015, deferred turnaround costs, net of accumulated amortization, totaled $36.1 million. Expensing turnaround costs as incurred would likely result in greater variability of our quarterly operating results and would adversely affect our financial position and results of operations.

Additional information concerning long-lived assets and related depreciation and amortization appears in Notes 5 and 6 to the audited consolidated financial statements appearing elsewhere in this Form 10-K.

Fair Value Estimates. We develop estimates of fair value to allocate the purchase price paid to acquire a business to the assets acquired and liabilities assumed in an acquisition, to assess impairment of long-lived assets, goodwill and intangible assets and to record marketable securities, derivative instruments and pension plan assets. We use all available information to make these fair value determinations, including the engagement of third-party consultants. At December 31, 2015, our recorded goodwill was $62.0 million, which was associated with the acquisitions of our specialty PVC pipe business and our Longview facilities. In addition, we record all derivative instruments, pension plan assets and certain marketable securities at fair value. The fair value of these items is determined by quoted market prices or from observable market-based inputs. See Notes 11 and 14 to the consolidated financial statements for more information.

Long-Term Employee Benefit Costs. Our costs for long-term employee benefits, particularly pension and postretirement medical and life benefits, are incurred over long periods of time and involve many uncertainties over those periods. The net periodic benefit cost attributable to current periods is based on several assumptions about such future uncertainties and is sensitive to changes in those assumptions. It is our responsibility, often with the assistance of independent experts, to select assumptions that represent the best estimates of those uncertainties. It is also our responsibility to review those assumptions periodically and, if necessary, adjust the assumptions to reflect changes in economic or other factors.

Accounting for employee retirement plans involves estimating the cost of benefits that are to be provided in the future and attempting to match, for each employee, that estimated cost to the period worked. To accomplish this, we rely extensively on advice from actuaries, and we make assumptions about inflation, investment returns, mortality, employee turnover and discount rates that ultimately impact amounts recorded. Changes in these assumptions may result in different expense and liability amounts. Two of the more significant assumptions relate to the discount rate for measuring benefit obligations and the expected long-term rate of return on plan assets. At December 31, 2015, the projected pension benefit obligations for U.S. and non-U.S. plans were calculated using assumed weighted average discount rates of 4.0% and 2.4%, respectively. The discount

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rates were determined using a benchmark pension discount curve and applying spot rates from the curve to each year of expected benefit payments to determine the appropriate discount rate. The return on asset assumption of 7.0% for U.S. plans is based on historical asset returns, anticipated future performance of the investments and financial markets and input from our third-party independent actuary and the pension fund trustee. The non-U.S. plans are unfunded and, therefore, have no plan assets. As a result of the funding relief provided by the enactment of the Bipartisan Budget Act of 2015, no minimum funding requirements are expected during 2016 for the U.S. pension plans. Additional information on the 2016 funding requirements and key assumptions underlying these benefit costs appear in Note 11 to the audited consolidated financial statements appearing elsewhere in this Form 10-K.

The following table reflects the sensitivity of the benefit obligation of our pension plans to changes in the actuarial assumptions:

	2015	
	U.S. Plans	Non-U.S. Plans
	(dollars in millions)	
Projected benefit obligation, end of year	$62.2	$94.8
Discount rate increases by 100 basis points	55.6	81.3
Discount rate decreases by 100 basis points	70.1	112.2

Assumed healthcare trend rates do not have a significant effect on the amounts reported for the healthcare plans because benefits for participants are capped at a fixed amount.

While we believe that the amounts recorded in the consolidated financial statements appearing elsewhere in this Form 10-K related to these retirement plans are based on the best estimates and judgments available, the actual outcomes could differ from these estimates.

Allowance for Doubtful Accounts. In our determination of the allowance for doubtful accounts, and consistent with our accounting policy, we estimate the amount of accounts receivable that we believe are unlikely to be collected and we record an expense of that amount. Estimating this amount requires us to analyze the financial strength of our customers, and, in our analysis, we combine the use of historical experience, our accounts receivable aged trial balance and specific collectibility analysis. We review our allowance for doubtful accounts quarterly. Balances over 90 days past due and accounts determined by our analysis of financial strength of customers to be high risk are reviewed individually for collectibility. By its nature, such an estimate is highly subjective and it is possible that the amount of accounts receivable that we are unable to collect may be different than the amount initially estimated.

Income Taxes. We utilize the liability method of accounting for income taxes. Under the liability method, deferred tax assets or liabilities are recorded based upon temporary differences between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax expense or benefit is the result of changes in the deferred tax assets and liabilities during the period. Valuation allowances are recorded against deferred tax assets when it is considered more likely than not that the deferred tax assets will not be realized.

Environmental and Legal Obligations. We consult with various professionals to assist us in making estimates relating to environmental costs and legal proceedings. We accrue an expense when we determine that it is probable that a liability has been incurred and the amount is reasonably estimable. While we believe that the amounts recorded in the accompanying consolidated financial statements related to these contingencies are based on the best estimates and judgments available, the actual outcomes could differ from our estimates. Additional information about certain legal proceedings and environmental matters appears in Note 22 to the audited consolidated financial statements appearing elsewhere in this Form 10-K.

Recent Accounting Pronouncements

See Note 1 to the audited consolidated financial statements for a full description of recent accounting pronouncements, including expected dates of adoption and estimated effects on results of operations and financial condition, which is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Commodity Price Risk

A substantial portion of our products and raw materials are commodities whose prices fluctuate as market supply and demand fundamentals change. Accordingly, product margins and the level of our profitability tend to fluctuate with changes in

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the business cycle. We try to protect against such instability through various business strategies. Our strategies include ethylene product feedstock flexibility and moving downstream into the olefins and vinyls products where pricing is more stable. We use derivative instruments in certain instances to reduce price volatility risk on feedstocks and products. Based on our open derivative positions at December 31, 2015, a hypothetical $0.10 increase in the price of a gallon of ethane would have increased our income before taxes by $17.1 million and a hypothetical $0.10 increase in the price of an MMBtu of natural gas would have increased our income before taxes by $0.8 million. Additional information concerning derivative commodity instruments appears in Notes 13 and 14 to the consolidated financial statements.

Interest Rate Risk

We are exposed to interest rate risk with respect to fixed and variable rate debt. At December 31, 2015, we had variable rate debt of $10.9 million outstanding. All of the debt outstanding under our revolving credit facility (none was outstanding at December 31, 2015) and our loan relating to the tax-exempt waste disposal revenue bonds are at variable rates. We do not currently hedge our variable interest rate debt, but we may do so in the future. The average variable interest rate for our variable rate debt of $10.9 million as of December 31, 2015 was 0.07%. A hypothetical 100 basis point increase in the average interest rate on our variable rate debt would increase our annual interest expense by approximately $0.1 million. Also, at December 31, 2015, we had $754.0 million aggregate principal amount of fixed rate debt. We are subject to the risk of higher interest cost if and when this debt is refinanced. If interest rates were 1% higher at the time of refinancing, our annual interest expense would increase by approximately $7.5 million.

Foreign Currency Exchange Rate Risk

We are exposed to foreign currency exchange rate risk associated with our international operations. However, the effect of fluctuations in foreign currency exchange rates caused by our international operations has not had a material impact on our overall operating results. We may engage in activities to mitigate our exposure to foreign currency exchange risk in certain instances through the use of currency exchange derivative instruments, including forward exchange contracts, or spot purchases. A forward exchange contract obligates us to exchange predetermined amounts of specified currencies at a stated exchange rate on a stated date.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

Financial statement schedules not included in this Form 10-K have been omitted because they are not applicable or because the required information is shown in the financial statements or notes thereto.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Westlake Chemical Corporation is responsible for establishing and maintaining adequate internal control over financial reporting. Westlake's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Westlake management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2015. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework (2013). Based on its assessment, Westlake's management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2015 based on those criteria.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the financial statements included in this Annual Report on Form 10-K, has also audited the effectiveness of internal control over financial reporting as of December 31, 2015 as stated in their report that appears on the following page.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of Westlake Chemical Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of comprehensive income, of changes in stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Westlake Chemical Corporation and its subsidiaries at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Houston, Texas
February 24, 2016

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WESTLAKE CHEMICAL CORPORATION
CONSOLIDATED BALANCE SHEETS

	December 31, 2015	2014
	(in thousands of dollars, except par values and share amounts)	
ASSETS		
Current assets		
Cash and cash equivalents	$662,525	$880,601
Marketable securities	520,144	—
Accounts receivable, net	508,532	560,666
Inventories	434,060	525,776
Prepaid expenses and other current assets	14,489	11,807
Deferred income taxes	35,439	32,437
Total current assets	2,175,189	2,011,287
Property, plant and equipment, net	3,004,067	2,757,557
Equity investments	9,208	61,305
Other assets, net		
Intangible assets, net	213,404	218,431
Deferred charges and other assets, net	173,384	165,410
Total other assets, net	386,788	383,841
Total assets	$5,575,252	$5,213,990
LIABILITIES AND EQUITY		
Current liabilities		
Accounts and notes payable	$235,329	$261,062
Accrued liabilities	287,313	276,118
Total current liabilities	522,642	537,180
Long-term debt	764,115	763,997
Deferred income taxes	575,603	536,066
Other liabilities	150,961	174,859
Total liabilities	2,013,321	2,012,102
Commitments and contingencies (Notes 8 and 22)		
Stockholders' equity		
Preferred stock, $0.01 par value, 50,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.01 par value, 300,000,000 shares authorized; 134,663,244 and 134,679,064 shares issued at December 31, 2015 and 2014, respectively (Note 9)	1,347	1,347
Common stock, held in treasury, at cost; 4,444,898 and 1,787,546 shares at December 31, 2015 and 2014, respectively (Note 9)	(258,312)	(96,372)
Additional paid-in capital	542,148	530,441
Retained earnings	3,109,987	2,555,528
Accumulated other comprehensive loss	(129,292)	(79,433)
Total Westlake Chemical Corporation stockholders' equity	3,265,878	2,911,511
Noncontrolling interests	296,053	290,377
Total equity	3,561,931	3,201,888

Total liabilities and equity	$5,575,252	$5,213,990

The accompanying notes are an integral part of these consolidated financial statements.

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WESTLAKE CHEMICAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2015	2014	2013
	(in thousands of dollars, except share amounts and per share data)		
Net sales	$4,463,336	$4,415,350	$3,759,484
Cost of sales	3,278,145	3,098,000	2,658,046
Gross profit	1,185,191	1,317,350	1,101,438
Selling, general and administrative expenses	225,364	193,359	147,974
Income from operations	959,827	1,123,991	953,464
Other income (expense)			
Interest expense	(34,656)	(37,352)	(18,082)
Other income (expense), net	38,270	(2,721)	6,790
Income before income taxes	963,441	1,083,918	942,172
Provision for income taxes	298,396	398,902	331,747
Net income	665,045	685,016	610,425
Net income attributable to noncontrolling interests	19,035	6,493	—
Net income attributable to Westlake Chemical Corporation	$646,010	$678,523	$610,425
Earnings per common share attributable to Westlake Chemical Corporation (Note 9):			
Basic	$4.88	$5.09	$4.57
Diluted	$4.86	$5.07	$4.55
Weighted average shares outstanding (Note 9)			
Basic	131,823,707	133,111,230	133,224,256
Diluted	132,301,812	133,643,414	133,779,250
Dividends per common share (Note 9)	$0.6930	$0.5820	$0.4125

The accompanying notes are an integral part of these consolidated financial statements.

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WESTLAKE CHEMICAL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2015	2014	2013
	(in thousands of dollars)		
Net income	$665,045	$685,016	$610,425
Other comprehensive income (loss), net of income taxes			
Pension and other post-retirement benefits liability			
Pension and other post-retirement reserves adjustment (excluding amortization)	18,260	(25,766)	12,969
Settlement benefits	355	—	—
Amortization of benefits liability	2,663	924	2,712
Income tax (provision) benefit on pension and other post-retirement benefits liability	(6,443)	8,096	(6,026)
Foreign currency translation adjustments	(59,466)	(60,128)	(1,607)
Available-for-sale investments			
Unrealized holding (losses) gains on investments	(4,362)	1,301	256
Reclassification of net realized (gains) losses to net income	(3,798)	(1,212)	19
Income tax benefit (provision) on available-for-sale investments	2,932	(32)	(99)
Other comprehensive (loss) income	(49,859)	(76,817)	8,224
Comprehensive income	615,186	608,199	618,649
Comprehensive income attributable to noncontrolling interests, net of tax	19,035	6,493	—
Comprehensive income attributable to Westlake Chemical Corporation	$596,151	$601,706	$618,649

The accompanying notes are an integral part of these consolidated financial statements.

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WESTLAKE CHEMICAL CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock		Common Stock, Held in Treasury				Accumulated Other Comprehensive Income (Loss)			
	Number of Shares	Amount	Number of Shares	At Cost	Additional Paid-in Capital	Retained Earnings	Benefits Liability, Net of Tax	Cumulative Foreign Currency Exchange	Net Unrealized Holding Gains on Investments, Net of Tax	No Int
	(in thousands of dollars, except share amounts)									
Balances at December 31, 2012	134,374,448	$1,344	568,986	$(13,302)	$495,582	$1,399,472	$(16,351)	$5,511	$—	$–
Net income	—	—	—	—	—	610,425	—	—	—	—
Other comprehensive income (loss)	—	—	—	—	—	—	9,655	(1,607)	176	—
Common stock repurchased	—	—	683,936	(32,918)	—	—	—	—	—	—
Shares issued—stock-based compensation	205,760	2	—	—	3,435	—	—	—	—	—
Stock-based compensation, net of tax on stock options exercised	—	—	—	—	12,415	—	—	—	—	—
Dividends paid	—	—	—	—	—	(55,236)	—	—	—	—
Balances at December 31, 2013	134,580,208	1,346	1,252,922	(46,220)	511,432	1,954,661	(6,696)	3,904	176	—
Net income	—	—	—	—	—	678,523	—	—	—	6,4
Other comprehensive (loss) income	—	—	—	—	—	—	(16,746)	(60,128)	57	—
Common stock repurchased	—	—	671,791	(52,630)	—	—	—	—	—	—
Shares issued—stock-based compensation	98,856	1	(137,167)	2,478	3,045	—	—	—	—	—
	—	—	—	—	15,964	—	—	—	—	—

Stock-based compensation, net of tax on stock options exercised										
Dividends paid	—	—	—	—	—	(77,656)	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	(2,
Issuance of Westlake Chemical Partners LP common units	—	—	—	—	—	—	—	—	—	28
Balances at December 31, 2014	134,679,064	1,347	1,787,546	(96,372)	530,441	2,555,528	(23,442)	(56,224)	233	29
Net income	—	—	—	—	—	646,010	—	—	—	19,
Other comprehensive income (loss)	—	—	—	—	—	—	14,835	(59,466)	(5,228)	—
Common stock repurchased	—	—	2,701,937	(163,138)	—	—	—	—	—	—
Shares issued—stock-based compensation	(15,820)	—	(44,585)	1,198	(135)	—	—	—	—	—
Stock-based compensation, net of tax on stock options exercised	—	—	—	—	11,842	—	—	—	—	—
Dividends paid	—	—	—	—	—	(91,551)	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	(14
Noncontrolling interest in acquired business	—	—	—	—	—	—	—	—	—	1,5
Balances at December 31, 2015	134,663,244	$1,347	4,444,898	$(258,312)	$542,148	$3,109,987	$(8,607)	$(115,690)	$(4,995)	$2

The accompanying notes are an integral part of these consolidated financial statements.

WESTLAKE CHEMICAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2015	2014	2013
	(in thousands of dollars)		
Cash flows from operating activities			
Net income	$665,045	$685,016	$610,425
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	245,757	208,486	157,808
Provision for doubtful accounts	956	301	5,514
Amortization of debt issuance costs	2,004	1,673	1,459
Stock-based compensation expense	10,196	9,261	6,966
Loss from disposition of fixed assets	10,891	4,181	5,039
(Gains) losses from sales of securities	(3,798)	(1,212)	19
Gain on acquisition, net of loss on the fair value remeasurement of preexisting equity interest	(21,045)	—	—
Impairment of equity method investments	4,925	6,747	—
Deferred income taxes	39,784	58,967	93,732
Windfall tax benefits from share-based payment arrangements	(1,646)	(6,704)	(5,449)
(Income) loss from equity method investments, net of dividends	(632)	(424)	199
Other losses, net	362	1,487	372
Changes in operating assets and liabilities			
Accounts receivable	62,722	33,161	(14,830)
Inventories	99,430	51,087	(46,633)
Prepaid expenses and other current assets	(4,257)	7,461	(475)
Accounts payable	(21,604)	(97,237)	13,820
Accrued liabilities	(7,640)	74,989	(15,147)
Other, net	(2,614)	(4,864)	(60,090)
Net cash provided by operating activities	1,078,836	1,032,376	752,729
Cash flows from investing activities			
Acquisition of business, net of cash acquired	15,782	(611,087)	(178,309)
Additions to equity investments	—	—	(23,338)
Additions to property, plant and equipment	(491,426)	(431,104)	(679,222)
Construction of assets pending sale-leaseback	—	—	(136)
Proceeds from disposition of assets	49	181	151
Proceeds from disposition of equity method investment	27,865	—	—
Proceeds from repayment of loan acquired	—	45,923	—
Proceeds from repayment of loan to affiliate	—	—	167
Proceeds from sales and maturities of securities	48,900	342,045	252,519
Purchase of securities	(605,098)	(117,332)	(367,150)
Settlements of derivative instruments	(2,248)	(1,831)	(6,920)
Net cash used for investing activities	(1,006,176)	(773,205)	(1,002,238)
Cash flows from financing activities			
Capitalized debt issuance costs	—	(1,186)	—
Dividends paid	(91,551)	(77,656)	(55,236)
Distributions to noncontrolling interests	(14,856)	(2,204)	—
Net proceeds from issuance of Westlake Chemical Partners LP	—	286,088	—

common units			
Proceeds from exercise of stock options	1,063	5,524	3,437
Proceeds from issuance of notes payable	52,960	—	—
Repayment of notes payable	(73,615)	—	—
Repurchase of common stock for treasury	(162,459)	(52,630)	(32,918)
Windfall tax benefits from share-based payment arrangements	1,646	6,704	5,449
Net cash (used for) provided by financing activities	(286,812)	164,640	(79,268)
Effect of exchange rate changes on cash and cash equivalents	(3,924)	(4,511)	—
Net (decrease) increase in cash and cash equivalents	(218,076)	419,300	(328,777)
Cash and cash equivalents at beginning of the year	880,601	461,301	790,078
Cash and cash equivalents at end of the year	$662,525	$880,601	$461,301

The accompanying notes are an integral part of these consolidated financial statements.

WESTLAKE CHEMICAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of dollars, except share amounts and per share data)

1. Description of Business and Significant Accounting Policies

Description of Business

Westlake Chemical Corporation (the "Company") operates as an integrated global manufacturer and marketer of basic chemicals, vinyls, polymers and building products. These products include some of the most widely used chemicals in the world, which are fundamental to many diverse consumer and industrial markets, including flexible and rigid packaging, automotive products, coatings, residential and commercial construction as well as other durable and non-durable goods. The Company's customers range from large chemical processors and plastics fabricators to small construction contractors, municipalities and supply warehouses primarily throughout North America and Europe. The petrochemical industry is subject to price fluctuations and volatile feedstock pricing typical of a commodity-based industry, the effects of which may not be immediately passed along to customers.

Formation and Initial Public Offering of a Master Limited Partnership

In 2014, the Company formed Westlake Chemical Partners LP ("Westlake Partners") to operate, acquire and develop facilities for the processing of natural gas liquids and related assets. Also in 2014, Westlake Partners completed an initial public offering of 12,937,500 common units (the "Westlake Partners IPO"). As of December 31, 2015, Westlake Partners' assets consist of a 13.3% limited partner interest in Westlake Chemical OpCo LP ("OpCo"), as well as the general partner interest in OpCo. OpCo's assets include two natural gas liquids processing facilities at the Company's Lake Charles, Louisiana site, one natural gas liquids processing facility at the Company's Calvert City, Kentucky site and a 200-mile common carrier ethylene pipeline that runs from Mont Belvieu, Texas to the Company's Longview, Texas site. As of December 31, 2015, the Company held an 86.7% limited partner interest in OpCo and a significant interest in Westlake Partners. The operations of Westlake Partners are consolidated in the Company's financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and subsidiaries in which the Company directly or indirectly owns more than a 50% voting interest and exercises control and, when applicable, entities for which the Company has a controlling financial interest or is the primary beneficiary. Investments in majority-owned companies where the Company does not exercise control and investments in nonconsolidated affiliates (20%-50% owned companies, joint ventures and partnerships) are accounted for using the equity method of accounting. There were no undistributed earnings from equity investments included in retained earnings as of December 31, 2015.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments that are readily convertible into cash and have a maturity of three months or less at the date of acquisition.

Investments

Investments in debt and equity securities are classified as trading, available-for-sale or held-to-maturity. Investments classified as trading are carried at estimated fair value with changes in fair value currently recognized in earnings. Investments classified as available-for-sale are carried at estimated fair value with unrealized gains and losses recorded as a component of accumulated other comprehensive income. Investments classified as held-to-maturity are carried at amortized cost. The Company periodically reviews its available-for-sale and held-to-maturity securities for other-than-temporary declines in fair value below the cost basis, and when events or changes in circumstances indicate the carrying value of an asset may not be recoverable, the investment is written down to fair value, establishing a new cost basis.

Allowance for Doubtful Accounts

The determination of the allowance for doubtful accounts is based on estimation of the amount of accounts receivable that the Company believes are unlikely to be collected. Estimating this amount requires analysis of the financial strength of the Company's customers, the use of historical experience, the Company's accounts receivable aged trial balance, and specific collectibility analysis. The allowance for doubtful accounts is reviewed quarterly. Past due balances over 90 days and high risk accounts as determined by the analysis of financial strength of customers are reviewed individually for collectibility.

(in thousands of dollars, except share amounts and per share data)

Inventories

Inventories primarily include product, material and supplies. Inventories are stated at lower of cost or market. Cost is determined using the first-in, first-out ("FIFO") or average method.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, net of accumulated depreciation. Cost includes expenditures for improvements and betterments that extend the useful lives of the assets and interest capitalized on significant capital projects. Capitalized interest was $10,449, $7,059 and $25,932 for the years ended December 31, 2015, 2014 and 2013, respectively. Repair and maintenance costs are charged to operations as incurred. Gains and losses on the disposition or retirement of fixed assets are reflected in the consolidated statement of operations when the assets are sold or retired.

The accounting guidance for asset retirement obligations requires the recording of liabilities equal to the fair value of asset retirement obligations and corresponding additional asset costs, when there is a legal asset retirement obligation as a result of existing or enacted law, statute or contract. The Company has conditional asset retirement obligations for the removal and disposal of hazardous materials from certain of the Company's manufacturing facilities. However, no asset retirement obligations have been recognized because the fair value of the conditional legal obligation cannot be measured due to the indeterminate settlement date of the obligation. Settlement of these conditional asset retirement obligations is not expected to have a material adverse effect on the Company's financial condition, results of operations or cash flows in any individual reporting period.

Depreciation is provided by utilizing the straight-line method over the estimated useful lives of the assets as follows:

Classification	Years
Buildings and improvements	25
Plant and equipment	25
Ethylene pipeline	35
Other	3-10

Fair Value Estimates

The Company develops estimates of fair value to allocate the purchase price paid to acquire a business to the assets acquired and liabilities assumed in an acquisition, to assess impairment of long-lived assets, goodwill and intangible assets and to record marketable securities, derivative instruments and pension plan assets. The Company uses all available information to make these fair value determinations, including the engagement of third-party consultants.

Impairment of Long-Lived Assets

The accounting guidance for the impairment or disposal of long-lived assets requires that the Company review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets assessed for impairment are grouped at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. Assets are considered to be impaired if the carrying amount of an asset exceeds the future undiscounted cash flows. The impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or estimated fair value less costs to sell.

Impairment of Intangible Assets

The accounting guidance for goodwill and intangible assets requires that goodwill and indefinite-lived intangible assets are tested for impairment at least annually. Other intangible assets with finite lives are amortized over their estimated useful life and reviewed for impairment in accordance with the provisions of the accounting guidance. As of December 31, 2015, the Company's recorded goodwill was $62,016. See Note 6 for more information on the Company's annual goodwill impairment tests.

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Turnaround Costs

The Company accounts for turnaround costs under the deferral method. Turnarounds are the scheduled and required shutdowns of specific operating units in order to perform planned major maintenance activities. The costs related to the significant overhaul and refurbishment activities include maintenance materials, parts and direct labor costs. The costs of the turnaround are deferred when incurred at the time of the turnaround and amortized (within depreciation and amortization) on a straight-line basis until the next planned turnaround, which ranges from three to six years. Deferred turnaround costs are presented as a component of other assets, net. The cash outflows related to these costs are included in operating activities in the consolidated statement of cash flows.

Exchanges

The Company enters into inventory exchange transactions with third parties, which involve fungible commodities. These exchanges are settled in like-kind quantities and are valued at lower of cost or market. Cost is determined using the FIFO method.

Income Taxes

The Company utilizes the liability method of accounting for deferred income taxes. Under the liability method, deferred tax assets or liabilities are recorded based upon temporary differences between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax expense or benefit is the result of changes in the deferred tax assets and liabilities during the period. Valuation allowances are recorded against deferred tax assets when it is considered more likely than not that the deferred tax assets will not be realized.

Foreign Currency Translation

Assets and liabilities of foreign subsidiaries are translated to U.S. dollars at the exchange rate as of the end of the year. Statement of operations items are translated at the average exchange rate for the year. The resulting translation adjustment is recorded as a separate component of stockholders' equity.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentration of risk consist principally of trade receivables from customers engaged in manufacturing polyethylene products, polyvinyl chloride ("PVC") products and PVC pipe products. The Company performs periodic credit evaluations of the customers' financial condition and generally does not require collateral. The Company maintains allowances for potential losses.

Revenue Recognition

Revenue is recognized when persuasive evidence of an arrangement exists, products are delivered to the customer, the sales price is fixed or determinable and collectability is reasonably assured. For domestic contracts, title and risk of loss passes to the customer upon delivery under executed customer purchase orders or contracts. For export contracts, the title and risk of loss passes to customers at the time specified by each contract. Provisions for discounts, rebates and returns are provided for in the same period as the related sales are recorded.

Earnings per Share

The accounting guidance for earnings per share requires the Company to present basic earnings per share and diluted earnings per share. Basic earnings per share excludes dilution and is computed by dividing income available to common stockholders by the weighted average number of shares outstanding for the period. Diluted earnings per share reflects the dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock.

Price Risk Management

The accounting guidance for derivative instruments and hedging activities requires that the Company recognize all derivative instruments on the balance sheet at fair value, and changes in the derivative's fair value must be currently recognized in earnings or comprehensive income, depending on the designation of the derivative. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in earnings. If the derivative is designated as a cash flow hedge, the effective portion of the change in the fair value of the

derivative is recorded in comprehensive income and is recognized in the statement of operations when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in earnings currently.

The Company utilizes commodity price swaps to reduce price risks by entering into price swaps with counterparties and by purchasing or selling futures on established exchanges. The Company takes both fixed and variable positions, depending upon anticipated future physical purchases and sales of these commodities. The fair value of derivative financial instruments is estimated using quoted market prices in active markets and observable market-based inputs or unobservable inputs that are corroborated by market data when active markets are not available. The Company assesses both counterparty as well as its own nonperformance risk when measuring the fair value of derivative liabilities. The Company does not consider its nonperformance risk to be significant. See Note 14 for a summary of the fair value of derivative instruments.

Environmental Costs

Environmental costs relating to current operations are expensed or capitalized, as appropriate, depending on whether such costs provide future economic benefits. Remediation liabilities are recognized when the costs are considered probable and can be reasonably estimated. Measurement of liabilities is based on currently enacted laws and regulations, existing technology and undiscounted site-specific costs. Environmental liabilities in connection with properties that are sold or closed are realized upon such sale or closure, to the extent they are probable and estimable and not previously reserved. Recognition of any joint and several liabilities is based upon the Company's best estimate of its final pro rata share of the liability.

Fair Value of Financial Instruments

The amounts reported in the balance sheet for cash and cash equivalents, accounts receivable, net and accounts payable approximate their fair value due to the short maturities of these instruments. The fair value of the Company's debt at December 31, 2015 differs from the carrying value due to the Company's fixed rate senior notes. The fair value of financial instruments is estimated using quoted market prices in active markets and observable market-based inputs or unobservable inputs that are corroborated by market data when active markets are not available. See Note 14 for more information on the fair value of financial instruments.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Other

Amortization of debt issuance costs is computed on a basis which approximates the interest method over the term of the related debt. Certain other assets (see Note 6) are amortized over periods ranging from one to 30 years using the straight-line method.

Recent Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standards update on a comprehensive new revenue recognition standard that will supersede the existing revenue recognition guidance. The new accounting guidance creates a framework by which an entity will allocate the transaction price to separate performance obligations and recognize revenue when each performance obligation is satisfied. Under the new standard, entities will be required to use judgment and make estimates, including identifying performance obligations in a contract, estimating the amount of variable consideration to include in the transaction price, allocating the transaction price to each separate performance obligation and determining when an entity satisfies its performance obligations. The standard allows for either "full retrospective" adoption, meaning that the standard is applied to all of the periods presented with a cumulative catch-up as of the earliest period presented, or "modified retrospective" adoption, meaning the standard is applied only to the most current period presented in the financial statements with a cumulative catch-up as of the current period. In July 2015, the FASB deferred the effective date for the revenue recognition standard. The accounting standard will now be effective for reporting periods beginning after December 15, 2017. The Company is in the process of evaluating the impact that the new accounting guidance will have on its consolidated financial position, results of operations and cash flows.

Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items

In January 2015, the FASB issued an accounting standards update to simplify income statement classification by removing the concept of extraordinary items from U.S. GAAP. Under the new standard, an unusual and infrequent event or transaction is no longer allowed to be separately disclosed as "extraordinary." The standard retains the existing requirement to separately present items that are of an unusual nature or occur infrequently on a pre-tax basis within income from continuing operations. The new guidance also requires similar separate presentation of items that are both unusual and infrequent on a pre-tax basis within income from continuing operations. The standard allows for either prospective or retrospective application. If adopted prospectively, both the nature and amount of any subsequent adjustments to previously reported extraordinary items must be disclosed. The accounting standard will be effective for reporting periods beginning after December 15, 2015 and is not expected to have an impact on the Company's consolidated financial position, results of operations and cash flows.

Amendments to the Consolidation Analysis

In February 2015, the FASB issued an accounting standards update making certain changes to the current consolidation guidance. The amendments affect both the variable interest entity and voting interest entity consolidation models. The new standard changes the consideration of substantive rights, related party interests and fees paid to the decision maker when applying the variable interest entity consolidation model and eliminates certain guidance for limited partnerships and similar entities under the voting interest consolidation model. The accounting standard will be effective for annual periods beginning after December 15, 2015 and is not expected to have an impact on the Company's consolidated financial position, results of operations and cash flows.

Simplifying the Presentation of Debt Issuance Costs

In April 2015, the FASB issued an accounting standards update on simplifying the presentation of debt issuance costs, which requires all costs incurred to issue debt to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. The accounting standard will be effective for reporting periods beginning after December 15, 2015 and is not expected to have an impact on the Company's consolidated financial position, results of operations and cash flows.

Simplifying the Measurement of Inventory

In July 2015, the FASB issued an accounting standards update that requires entities to measure inventory at the lower of cost or net realizable value rather than at the lower of cost or market. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Under the new standard, entities will no longer need to calculate other measures of "market." The new accounting guidance applies only to inventories for which cost is determined by methods other than last-in, first-out and the retail inventory method. The accounting standard will be effective for reporting periods beginning after December 15, 2016 and is not expected to have a significant impact on the Company's consolidated financial position, results of operations and cash flows.

Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements

In August 2015, the FASB issued final guidance incorporating into the Accounting Standards Codification a June 2015 SEC staff announcement that the SEC staff will not object to an entity presenting the cost of securing a revolving line of credit as an asset, regardless of whether a balance is outstanding. The announcement came in response to questions that arose after the FASB issued the Simplifying the Presentation of Debt Issuance Costs standard in April 2015, which standard requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the debt liability rather than as an asset. That standard, as issued, did not address revolving lines of credit, which may not have outstanding balances. An entity that repeatedly draws on a revolving credit facility and then repays the balance could also present the cost as an asset and reclassify all or a portion of it as a direct deduction from the liability whenever a balance is outstanding. Regardless of asset or contra-liability presentation, debt issuance costs should be amortized over the term of the arrangement. The accounting standard became effective upon announcement in June 2015 and did not have an impact on the Company's consolidated financial position, results of operations and cash flows.

Simplifying the Accounting for Measurement-Period Adjustments

In September 2015, the FASB issued an accounting standards update that requires an acquirer to recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The guidance requires that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. The new guidance further requires specific disclosure pertaining to the measurement period adjustments. The accounting standard will be effective for reporting periods beginning after December 15, 2015 and is not expected to have a significant impact on the Company's consolidated financial position, results of operations and cash flows.

(in thousands of dollars, except share amounts and per share data)

Balance Sheet Classification of Deferred Taxes

In November 2015, the FASB issued an accounting standards update that requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. As a result, each jurisdiction will now only have one net noncurrent deferred tax asset or liability. The new guidance does not change the existing requirement that only permits offsetting within a jurisdiction. The accounting standard will be effective for reporting periods beginning after December 15, 2016 and is not expected to have an impact on the Company's consolidated financial position, results of operations and cash flows. Early adoption is permitted for all entities as of the beginning of an interim or annual reporting period.

Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the FASB issued an accounting standards update making certain changes principally to the current guidance for equity investments, financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. Among other things, the guidance (1) requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value, with changes in fair value recognized in net income; (2) provide entities with a policy election to record equity investments without readily determinable fair values at cost, less impairment, and subsequent adjustments for observable price changes (changes in the basis of these equity investments to be reported in net income); (3) requires an entity that has elected the fair value option for financial liabilities to recognize changes in fair value due to instrument-specific credit risk separately in other comprehensive income; (4) clarified current guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities; and (5) requires specific disclosure pertaining to financial assets and financial liabilities in the financial statements. The accounting standard will be effective for reporting periods beginning after December 15, 2017. The Company is in the process of evaluating the impact that the new accounting guidance will have on its consolidated financial position, results of operations and cash flows.

2. Financial Instruments

Cash Equivalents

The Company had $221,918 and $509,811 of held-to-maturity securities with original maturities of three months or less, primarily consisting of corporate debt securities, classified as cash equivalents at December 31, 2015 and 2014, respectively. The Company's investments in held-to-maturity securities are held at amortized cost, which approximates fair value.

Available-for-Sale Marketable Securities

Investments in available-for-sale securities at December 31 were classified as follows:

	2015	2014
Current	$520,144	$—
Non-current	48,081	15,414
Total available-for-sale securities	$568,225	$15,414

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WESTLAKE CHEMICAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(in thousands of dollars, except share amounts and per share data)

The cost, gross unrealized gains, gross unrealized losses and fair value of the Company's available-for-sale securities were as follows:

	December 31, 2015			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses [1]	Fair Value
Debt securities				
Corporate bonds	$336,665	$55	$(1,076)	$335,644
U.S. government debt [2]	135,226	2	(374)	134,854
Asset-backed securities	49,759	2	(115)	49,646
Equity securities	54,371	466	(6,756)	48,081
Total available-for-sale securities	$576,021	$525	$(8,321)	$568,225

	December 31, 2014			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equity securities	$15,050	$364	$—	$15,414
Total available-for-sale securities	$15,050	$364	$—	$15,414

(1) All unrealized loss positions were held at a loss for less than 12 months.
(2) U.S. Treasury obligations, U.S. government agency obligations and U.S government agency mortgage-backed securities.

As of December 31, 2015 and December 31, 2014, net unrealized (losses) gains on the Company's available-for-sale securities of $(4,995) and $233, respectively, net of income tax (benefit) expense of $(2,801) and $131, respectively, were recorded in accumulated other comprehensive income. See Note 14 for the fair value hierarchy of the Company's available-for-sale securities.

As of December 31, 2015, the corporate bond securities held by the Company had maturities ranging between three months to five years; the U.S. government debt securities held by the Company, excluding U.S. government agency mortgage-backed securities, had maturities ranging between one month to three years; the U.S. government agency mortgage-backed securities held by the Company had maturities of approximately five years; and the asset-backed securities held by the Company had maturities ranging between one to six years.

The proceeds from sales and maturities of available-for-sale securities included in the consolidated statements of cash flows and the gross realized gains and losses included in the consolidated statements of operations are reflected in the table below. The cost of securities sold was determined using the specific identification method.

	Year Ended December 31,		
	2015	2014	2013
Proceeds from sales and maturities of securities	$48,900	$342,045	$7,770
Gross realized gains	3,830	1,311	20
Gross realized losses	(32)	(99)	(39)

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WESTLAKE CHEMICAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(in thousands of dollars, except share amounts and per share data)

3. Accounts Receivable

Accounts receivable consist of the following at December 31:

	2015	2014
Trade customers	$438,538	$525,546
Affiliates	—	437
Allowance for doubtful accounts	(14,095)	(13,468)
	424,443	512,515
Federal and state taxes	60,748	8,919
Other	23,341	39,232
Accounts receivable, net	$508,532	$560,666

4. Inventories

Inventories consist of the following at December 31:

	2015	2014
Finished products	$253,338	$300,909
Feedstock, additives and chemicals	106,435	158,635
Materials and supplies	74,287	66,232
Inventories	$434,060	$525,776

5. Property, Plant and Equipment

Property, plant and equipment consist of the following at December 31:

	2015	2014
Land	$33,051	$21,211
Building and improvements	266,214	244,101
Plant and equipment	3,632,416	3,454,462
Other	241,829	213,707
	4,173,510	3,933,481
Less: Accumulated depreciation	(1,685,255)	(1,531,331)
	2,488,255	2,402,150
Construction in progress	515,812	355,407
Property, plant and equipment, net	$3,004,067	$2,757,557

Depreciation expense on property, plant and equipment of $209,271, $174,173 and $129,222 is included in cost of sales in the consolidated statements of operations for the years ended December 31, 2015, 2014 and 2013, respectively.

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WESTLAKE CHEMICAL CORPORATION
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6. Other Assets

Other assets consist of the following at December 31:

	2015			2014			Weighted
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net	Average Life
Intangible assets:							
Licenses and intellectual property	$79,699	$ (38,643)	$41,056	$82,611	$ (35,732)	$46,879	15
Trademarks	39,085	(2,602)	36,483	42,790	(759)	42,031	20
Customer relationships	75,249	(22,572)	52,677	75,249	(17,374)	57,875	14
Goodwill	62,016	—	62,016	62,016	—	62,016	
Other	29,320	(8,148)	21,172	16,501	(6,871)	9,630	7
Total intangible assets	285,369	(71,965)	213,404	279,167	(60,736)	218,431	
Available-for-sale investments	48,081	—	48,081	15,414	—	15,414	
Cost-method investments	51,334	—	51,334	57,147	—	57,147	
Turnaround costs	111,078	(74,943)	36,135	107,892	(56,493)	51,399	5
Debt issuance costs	20,406	(13,286)	7,120	20,406	(11,282)	9,124	13
Other	51,682	(20,968)	30,714	50,571	(18,245)	32,326	3
Total deferred charges and other assets	282,581	(109,197)	173,384	251,430	(86,020)	165,410	
Other assets, net	$567,950	$ (181,162)	$386,788	$530,597	$ (146,756)	$383,841	

Amortization expense on other assets of $38,490, $35,986 and $30,045 is included in the consolidated statements of operations for the years ended December 31, 2015, 2014 and 2013, respectively.

Scheduled amortization of intangible assets for the next five years is as follows: $15,189, $13,219, $13,195, $11,446 and $9,950 in 2016, 2017, 2018, 2019 and 2020, respectively.

Goodwill

Goodwill is tested for impairment at least annually, or when events or changes in circumstances indicate the fair value of a reporting unit with goodwill has been reduced below its carrying value. The Company performed its annual impairment tests for the Olefins and Vinyls segments' goodwill in October 2015 and April 2015, respectively, and the impairment tests indicated that the recorded goodwill was not impaired. There has been no impairment of the Olefins or Vinyls segments' goodwill since the goodwill was initially recorded. The gross carrying amounts of goodwill for the years ended December 31, 2015 and 2014 are as follows:

	Olefins Segment	Vinyls Segment	Total
Balance at December 31, 2013	$29,990	$32,026	$62,016
Goodwill acquired during the year	—	—	—
Balance at December 31, 2014	29,990	32,026	62,016
Changes in goodwill during the year	—	—	—
Balance at December 31, 2015	$29,990	$32,026	$62,016

Olefins Segment Goodwill

The fair value of the Olefins segment, the reporting unit assessed, was calculated using both a discounted cash flow methodology and a market value methodology. The discounted cash flow projections were based on a nine-year forecast, from 2016 to 2024, to reflect the cyclicality of the Company's olefins business. The forecast was based on (1) prices and spreads projected by IHS Chemical, a chemical industry organization offering market and business advisory services for the chemical market, for the same period, and (2) estimates by management, including its strategic and operational plans. Other significant assumptions used in the discounted cash flow projection included sales volumes based on current capacities. The future cash flows were discounted to present value using a discount rate of 8.8%.

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WESTLAKE CHEMICAL CORPORATION
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The significant assumptions used in determining the fair value of the reporting unit using the market value methodology include the determination of appropriate market comparables and the estimated multiples of EBITDA a willing buyer is likely to pay.
Even if the fair value of the Olefins segment decreased by 10%, the carrying value of the Olefins segment would not exceed its fair value.
Vinyls Segment Goodwill
The fair value of the pipe and foundation building products business, the reporting unit assessed, was calculated using both a discounted cash flow methodology and a market value methodology. The discounted cash flow projections were based on a nine-year forecast, from 2015 to 2023, to reflect the cyclicality of the North American housing and construction markets as the Company's pipe and foundation building products business is significantly influenced by said markets. The forecast was based on historical results and estimates by management, including its strategic and operational plans, and assumed a gradual increase in financial performance based on a housing market recovery in the United States. The future cash flows were discounted to present value using a discount rate of 11.5%.
The significant assumptions used in determining the fair value of the reporting unit using the market value methodology include the determination of appropriate market comparables and the estimated multiples of EBITDA a willing buyer is likely to pay.
Even if the fair value of the reporting unit decreased by 10%, the carrying value of the reporting unit would not exceed its fair value.
7. Accounts and Notes Payable
Accounts and notes payable consist of the following at December 31:

	2015	2014
Accounts payable	$229,219	$261,062
Notes payable to banks	6,110	—
Accounts and notes payable	$235,329	$261,062

8. Long-Term Debt
Long-term debt consists of the following at December 31:

	2015	2014
3.60% senior notes due 2022	$249,226	$249,108
6 ½% senior notes due 2029	100,000	100,000
6 ¾% senior notes due 2032	250,000	250,000
6 ½% senior notes due 2035 (the "6 ½% GO Zone Senior Notes Due 2035")	89,000	89,000
6 ½% senior notes due 2035 (the "6 ½% IKE Zone Senior Notes Due 2035")	65,000	65,000
Loan related to tax-exempt waste disposal revenue bonds due 2027	10,889	10,889
Long-term debt, net	$764,115	$763,997

Revolving Credit Facility
The Company has a $400,000 senior secured revolving credit facility. The facility includes a provision permitting the Company to increase the size of the facility, up to four times, in increments of at least $25,000 each (up to a maximum of $200,000) under certain circumstances if the lenders agree to commit to such an increase.
The facility allows the Company to borrow up to (1) 85% of the net amount of eligible accounts receivable, plus (2) the lesser of (a) 70% of the value of the lower of cost or market of eligible inventory, or (b) 85% of the appraised net orderly liquidation value of all eligible inventory, plus (3) 100% of cash held in an account with the agent under the credit facility and subject to a control agreement with the agent, minus (4) such reserves as the agent may establish. The facility includes a $400,000 sub-limit for letters of credit, and any outstanding letters of credit will be deducted from availability under the facility.

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At December 31, 2015, the Company had no borrowings outstanding under the revolving credit facility. Any borrowings under the facility will bear interest at either LIBOR plus a spread ranging from 1.25% to 1.75%, provided that so long as the Company is rated investment grade, the margin for LIBOR loans will not exceed 1.50%, or a base rate plus a spread ranging from 0.0% to 0.50%. The revolving credit facility also requires an unused commitment fee of 0.25% per annum. All interest rates under the facility are subject to monthly grid pricing adjustments based on prior month average daily loan availability. The revolving credit facility matures on July 17, 2019. As of December 31, 2015, the Company had outstanding letters of credit totaling $30,098 and borrowing availability of $320,843 under the revolving credit facility.

The Company's revolving credit facility generally restricts the Company's ability to make distributions unless, on a pro forma basis after giving effect to the distribution, the borrowing availability under the facility equals or exceeds the greater of (1) 20% of the commitments under the facility and (2) $80,000; or the borrowing availability under the facility equals or exceeds the greater of (1) 15% of the commitments under the facility and (2) $60,000, and the Company's fixed charge coverage ratio is at least 1.0:1. However, the Company may make specified distributions up to an aggregate of $82,700 in 2016, to be increased by 5% in each fiscal year thereafter, on an aggregate basis, for each fiscal year.

In order to make acquisitions or investments, the Company's revolving credit facility provides that (1) the Company must maintain a minimum borrowing availability of at least the greater of $60,000 or 15% of the total bank commitments under its revolving credit facility or (2) the Company must maintain a minimum borrowing availability of at least the greater of $50,000 or 12.5% of the total bank commitments under the Company's revolving credit facility and meet a minimum fixed charge coverage ratio of 1.0:1 under its revolving credit facility. Notwithstanding the foregoing, the Company may make investments in the aggregate up to the greater of $50,000 and 1.25% of tangible assets and acquisitions in the aggregate up to the greater of $100,000 and 2.5% of tangible assets, if, on a pro forma basis after giving effect to the acquisition or investment, either (X) the borrowing availability under the facility equals or exceeds the greater of (A) 12.5% of the total bank commitments under the facility and (B) $50,000, but is less than the greater of (A) 15% of the total bank commitments and (B) $60,000, or (Y) the Company's fixed charge coverage ratio is at least 1.0:1.

The revolving credit facility contains other customary covenants and events of default that impose significant operating and financial restrictions on the Company. These restrictions, among other things, provide limitations on the occurrence of additional indebtedness and the Company's ability to create liens, to engage in certain affiliate transactions and to engage in sale-leaseback transactions.

3.60% Senior Notes due 2022

In July 2012, the Company issued $250,000 aggregate principal amount of its 3.60% senior notes due 2022 (the "3.60% Notes Due 2022"). The 3.60% Notes Due 2022 are unsecured and were issued with an original issue discount of $1,183. There is no sinking fund and no scheduled amortization of the 3.60% Notes Due 2022 prior to maturity. The Company may optionally redeem the 3.60% Notes Due 2022 at any time and from time to time prior to April 15, 2022 (three months prior to the maturity date) for 100% of the principal plus accrued interest and a discounted "make whole" payment. On or after April 15, 2022, the Company may optionally redeem the 3.60% Notes Due 2022 for 100% of the principal plus accrued interest. The holders of the 3.60% Notes Due 2022 may require the Company to repurchase the 3.60% Notes Due 2022 at a price of 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase, upon the occurrence of both a "change of control" and, within 60 days of such change of control, a "below investment grade rating event" (as such terms are defined in the indenture governing the 3.60% Notes Due 2022). All domestic subsidiaries of the Company that guarantee other indebtedness of the Company or of another guarantor of the 3.60% Notes Due 2022 in excess of $5,000 are guarantors of the 3.60% Notes Due 2022. The indenture governing the 3.60% Notes Due 2022 contains customary events of default and covenants that will restrict the Company's and certain of its subsidiaries' ability to (1) incur certain secured indebtedness, (2) engage in certain sale-leaseback transactions and (3) consolidate, merge or transfer all or substantially all of the Company's assets.

GO Zone Bonds

In December 2010, the Louisiana Local Government Environmental Facility and Development Authority (the "Authority"), a political subdivision of the State of Louisiana, completed the offering of $89,000 of 6 ½% tax-exempt revenue bonds due November 1, 2035 under the Gulf Opportunity Zone Act of 2005 (the "GO Zone Act"). The bonds are subject to optional redemption by the Authority upon the direction of the Company at any time prior to November 1, 2020 for 100% of the principal plus accrued interest and a discounted "make whole" payment. On or after November 1, 2020, the bonds are subject to optional redemption by the Authority upon the direction of the Company for 100% of the principal plus accrued interest.

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In July 2010, the Authority completed the reoffering of $100,000 of 6 ½% tax-exempt revenue bonds due August 1, 2029 under the GO Zone Act. The bonds are subject to optional redemption by the Authority upon the direction of the Company at any time prior to August 1, 2020 for 100% of the principal plus accrued interest and a discounted "make whole" payment. On or after August 1, 2020, the bonds are subject to optional redemption by the Authority upon the direction of the Company for 100% of the principal plus accrued interest.

In December 2007, the Authority issued $250,000 of 6 ¾% tax-exempt revenue bonds due November 1, 2032 under the GO Zone Act. The bonds are subject to optional redemption by the Authority upon the direction of the Company at any time prior to November 1, 2017 for 100% of the principal plus accrued interest and a discounted "make whole" payment. On or after November 1, 2017, the bonds are subject to optional redemption by the Authority upon the direction of the Company for 100% of the principal plus accrued interest.

Each series of the bonds is subject to redemption and the holders may require the bonds to be repurchased upon a change of control or a change in or loss of the current tax status of the bonds. In addition, the bonds are subject to optional redemption by the Authority upon the direction of the Company if certain events have occurred in connection with the operation of the projects for which the bond proceeds may be used, including if the Company has determined that the continued operation of any material portion of the projects would be impracticable, uneconomical or undesirable for any reason.

In connection with each offering of the bonds, the Company entered into a loan agreement with the Authority pursuant to which the Company agreed to pay all of the principal, premium, if any, and interest on the bonds and certain other amounts to the Authority. The net proceeds from the offerings were loaned by the Authority to the Company. The Company used the proceeds to expand, refurbish and maintain certain of its facilities in the Louisiana Parishes of Calcasieu and Ascension. The bonds are unsecured and rank equally in right of payment with other existing and future unsecured senior indebtedness. All domestic restricted subsidiaries that guarantee other debt of the Company or of another guarantor of the 6 ½% senior notes due 2029, the 6 ¾% senior notes due 2032 and the 6 ½% GO Zone Senior Notes Due 2035 (collectively, and including the 6 ½% IKE Zone Senior Notes Due 2035, the "Senior Notes") in excess of $5,000 are guarantors of the bonds. As of December 31, 2015, the Company had drawn all the proceeds from the 6 ½% bonds due 2029, 6 ¾% bonds due 2032 and 6 ½% bonds due 2035.

IKE Zone Bonds

In December 2010, the Authority completed the offering of $65,000 of 6 ½% tax-exempt revenue bonds due November 1, 2035 under Section 704 of the Emergency Economic Stabilization Act of 2008. The bonds are subject to optional redemption by the Authority upon the direction of the Company at any time prior to November 1, 2020 for 100% of the principal plus accrued interest and a discounted "make whole" payment. On or after November 1, 2020, the bonds are subject to optional redemption by the Authority upon the direction of the Company for 100% of the principal plus accrued interest. The bonds are subject to redemption, repurchase by the holders upon a change of control or a change in or loss of the current tax status of the bonds and optional redemption by the Authority under terms substantially similar to the terms for the GO Zone Bonds.

In connection with the offering of the bonds, the Company entered into a loan agreement with the Authority pursuant to which the Company agreed to pay all of the principal, premium, if any, and interest on the bonds and certain other amounts to the Authority. The net proceeds from the offering were loaned by the Authority to the Company. The Company used the proceeds to expand, refurbish and maintain certain of its facilities in the Louisiana Parish of Calcasieu. The 6 ½% IKE Zone Senior Notes Due 2035 are unsecured and rank equally in right of payment with other existing and future unsecured senior indebtedness. All domestic restricted subsidiaries that guarantee other debt of the Company or of another guarantor of the Senior Notes in excess of $5,000 are guarantors of the 6 ½% IKE Zone Senior Notes Due 2035. As of December 31, 2015, the Company had drawn all the proceeds from the 6 ½% IKE Zone Senior Notes Due 2035.

The indentures governing the Senior Notes contain customary covenants and events of default. Accordingly, these agreements generally impose significant operating and financial restrictions on the Company. These restrictions, among other things, provide limitations on incurrence of additional indebtedness, the payment of dividends, certain investments and acquisitions and sales of assets. However, the effectiveness of certain of these restrictions is currently suspended because the Senior Notes are currently rated investment grade by at least two nationally recognized credit rating agencies. The most significant of these provisions, if it were currently effective, would restrict the Company from incurring additional debt, except specified permitted debt (including borrowings under its credit facility), when the Company's fixed charge coverage ratio is below 2.0:1. These limitations are subject to a number of important qualifications and exceptions, including, without limitation, an exception for the payment of the Company's regular quarterly dividend of up to $0.10 per share. If the restrictions were currently effective, distributions in excess of $100,000 would not be allowed unless, after giving pro forma effect to the distribution, the Company's fixed charge coverage ratio is at least 2.0:1 and such payment, together with the aggregate amount of all other distributions after January 13, 2006, is less than the sum of 50% of the Company's consolidated net income for the period from October 1, 2003 to the end of the most recent quarter for which financial statements have been filed, plus 100% of net cash proceeds received after October 1, 2003 as a contribution to the Company's common equity capital or from the issuance or sale of certain securities, plus several other adjustments.

Revenue Bonds

In December 1997, the Company entered into a loan agreement with a public trust established for public purposes for the benefit of the Parish of Calcasieu, Louisiana. The public trust issued $10,889 principal amount of tax-exempt waste disposal revenue bonds in order to finance the Company's construction of waste disposal facilities for an ethylene plant. The waste disposal revenue bonds expire in December 2027 and are subject to redemption and mandatory tender for purchase prior to maturity under certain conditions. Interest on the waste disposal revenue bonds accrues at a rate determined by a remarketing agent and is payable quarterly. The interest rate on the waste disposal revenue bonds at December 31, 2015 and 2014 was 0.07% and 0.05%, respectively.

As of December 31, 2015, the Company was in compliance with all of the covenants with respect to the 3.60% Notes Due 2022, the Senior Notes, the waste disposal revenue bonds and its revolving credit facility.

The weighted average interest rate on all long-term debt was 5.5% at December 31, 2015 and 2014.

As of December 31, 2015, the Company had no maturities of long-term debt until 2022.

9. Stockholders' Equity

The Company's Board of Directors has declared regular quarterly dividends to holders of its common stock aggregating $91,551, $77,656 and $55,236 for the years ended December 31, 2015, 2014 and 2013, respectively.

Common Stock

Each share of common stock entitles the holder to one vote on all matters on which holders are permitted to vote, including the election of directors. There are no cumulative voting rights. Accordingly, holders of a majority of the total votes entitled to vote in an election of directors will be able to elect all of the directors standing for election. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of the common stock will share equally on a per share basis any dividends when, as and if declared by the Board of Directors out of funds legally available for that purpose. If the Company is liquidated, dissolved or wound up, the holders of the Company's common stock will be entitled to a ratable share of any distribution to stockholders, after satisfaction of all the Company's liabilities and of the prior rights of any outstanding class of the Company's preferred stock. The Company's common stock has no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the Company's common stock.

On February 14, 2014, the Company's Board of Directors authorized a two-for-one split of the Company's common stock. Stockholders of record as of February 28, 2014 were entitled to one additional share for every share outstanding, which was distributed on March 18, 2014. The total number of authorized common stock shares and associated par value were unchanged by this stock split. All share amounts and per share data included in the accompanying consolidated financial statements and related notes for the year ended December 31, 2013 has been restated to reflect the effect of the stock split.

In 2014, the stockholders of the Company approved an amendment to the Company's Amended and Restated Certificate of Incorporation to increase the Company's authorized shares of common stock from 150,000,000 shares to 300,000,000 shares, par value $0.01 per share. The Company issued 134,663,244 and 134,679,064 shares of common stock as of December 31, 2015 and 2014, respectively.

Preferred Stock

The Company's charter authorizes the issuance of shares of preferred stock. The Company's Board of Directors has the authority, without shareholder approval, to issue preferred shares from time to time in one or more series, and to fix the number of shares and terms of each such series. The Board may determine the designations and other terms of each series including dividend rates, whether dividends will be cumulative or non-cumulative, redemption rights, liquidation rights, sinking fund provisions, conversion or exchange rights and voting rights.

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Stock Repurchase Program
In August 2011, the Company's Board of Directors authorized a stock repurchase program of the Company's common stock totaling $100,000 (the "2011 Program"). As of March 31, 2015, the Company had repurchased 1,944,161 shares of its common stock for an aggregate purchase price of approximately $100,000 under the 2011 Program, the full amount of the 2011 Program. In November 2014, the Company's Board of Directors approved a new $250,000 share repurchase program (the "2014 Program"). On November 20, 2015, the Company's Board of Directors approved the expansion of the 2014 Program by an additional $150,000. The total number of shares repurchased by the Company under the 2014 Program was 2,682,489 for the year ended December 31, 2015. Any shares repurchased under the 2011 and 2014 Programs are held by the Company as treasury stock and may be used for general corporate purposes, including for the 2013 Omnibus Incentive Plan. Beginning in 2014, the Company began delivering treasury shares to employees and nonemployee directors for options exercised and for the settlement of restricted stock units. The cost of treasury shares delivered was determined using the specific identification method.
10. Accumulated Other Comprehensive Loss
Changes in accumulated other comprehensive income (loss) by component were as follows:

	Benefits Liability, Net of Tax	Cumulative Foreign Currency Exchange	Net Unrealized Holding Gains on Investments, Net of Tax	Total
Balances at December 31, 2013	$(6,696)	$3,904	$176	$(2,616)
Other comprehensive (loss) income before reclassifications	(17,314)	(60,128)	834	(76,608)
Amounts reclassified from accumulated other comprehensive loss	568	—	(777)	(209)
Net other comprehensive (loss) income for the year	(16,746)	(60,128)	57	(76,817)
Balances at December 31, 2014	(23,442)	(56,224)	233	(79,433)
Other comprehensive income (loss) before reclassifications	12,877	(59,466)	(2,795)	(49,384)
Amounts reclassified from accumulated other comprehensive loss	1,958	—	(2,433)	(475)
Net other comprehensive income (loss) for the year	14,835	(59,466)	(5,228)	(49,859)
Balances at December 31, 2015	$(8,607)	$(115,690)	$(4,995)	$(129,292)

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The following table provides the details of the amounts reclassified from accumulated other comprehensive income (loss) into net income in the consolidated statements of operations:

Details about Accumulated Other Comprehensive Income (Loss) Components	Location of Reclassification (Income (Expense)) in Consolidated Statements of Operations	Year Ended December 31, 2015	2014	2013
Amortization of pension and other post-retirement items				
Prior service costs	(1)	$—	$(347)	$(381)
Net loss	(1)	(2,663)	(577)	(2,331)
Settlement benefits	(1)	(355)	—	—
		(3,018)	(924)	(2,712)
	Provision for income taxes	1,060	356	1,043
		(1,958)	(568)	(1,669)
Net unrealized gains on available-for-sale investments				
Realized gain (loss) on available-for-sale investments	Other income (expense), net	3,798	1,212	(19)
	Provision for income taxes	(1,365)	(435)	7
		2,433	777	(12)
Total reclassifications for the period		$475	$209	$(1,681)

(1) These accumulated other comprehensive loss components are included in the computation of net periodic benefit cost. For additional information, see Note 11.

11. Employee Benefits

Defined Contribution Plans

U.S. Plans

The Company has a defined contribution savings plan covering all U.S. regular full-time and part-time employees whereby eligible employees may elect to contribute up to 100% of their annual compensation, subject to an annual plan limit in line with the annual elective contribution limit as determined by the Internal Revenue Service. The Company matches 100% of an employee's contribution up to the first 4% of such employee's compensation. The Company may, at its discretion, make an additional non-matching contribution in an amount as the Board of Directors may determine. For the years ended December 31, 2015, 2014 and 2013, the Company charged approximately $7,594, $6,856 and $6,022, respectively, to expense for these contributions.

Further, within the defined contribution savings plan, the Company also makes an annual retirement contribution to substantially all employees of one subsidiary who have completed one year of service. The Company's contributions to the plan are determined as a percentage of employees' base and overtime pay. For the years ended December 31, 2015, 2014 and 2013, the Company charged approximately $11,715, $8,309 and $6,227, respectively, to expense for these contributions.

Non-U.S. Plans

The Company has various defined contribution plans in Germany, the United Kingdom, Italy and Belgium covering eligible employees of our European operations. The Company's contributions to the plans are based on applicable laws in each country. Contributions to the Company's non-U.S. defined contribution plans are made by both the employee and the Company. For the years ended December 31, 2015 and 2014, the Company charged approximately $1,912 and

$416, respectively, to expense for its contributions to these plans.

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Defined Benefit Plans
U.S. Plans
The Company has noncontributory defined benefit pension plans that cover certain eligible salaried and wage employees of one subsidiary. However, eligibility for both plans has been frozen. Benefits for salaried employees under these plans are based primarily on years of service and employees' pay near retirement. Benefits for wage employees are based upon years of service and a fixed amount as periodically adjusted. The Company recognizes the years of service prior to the Company's acquisition of the subsidiary's facilities for purposes of determining vesting, eligibility and benefit levels for certain employees of the subsidiary and for determining vesting and eligibility for certain other employees of the subsidiary. The measurement date for these plans is December 31.
In December 2014, the Company announced a plan amendment to one of the Company's defined benefit pension plans. Under the plan amendment, no additional benefits may be earned by participants after January 31, 2015 and participants' accrued benefit will freeze at the level earned as of January 31, 2015. In addition, the amendment added a lump sum payment option effective February 1, 2015. The Company made a similar plan amendment to its other defined benefit pension plan in 2012. In conjunction with both of the defined benefit pension plans' amendments, the Company amended, in 2014 and 2012, its defined contribution savings plan to allow participants impacted by the amendments to participate in the Company's annual retirement contribution program.
Non-U.S. Plans
The Company has defined benefit pension plans covering current and former employees associated with our European operations. These pension plans are closed to new participants and are for employees in Germany who commenced employment before July 1, 2007. Benefits for employees for these plans are based primarily on employees' pay near retirement. The non-U.S. plans are unfunded as no contributions have been made to the plans and therefore, have no plan assets. The measurement date for these plans is December 31.
Details of the changes in benefit obligations, plan assets and funded status of the Company's pension plans are as follows:

	2015		2014	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Change in benefit obligation				
Benefit obligation, beginning of year	$67,010	$122,701	$57,946	$—
Benefit obligation assumed with acquisition	—	—	—	117,970
Service cost	29	1,661	334	602
Interest cost	2,015	2,110	2,322	1,366
Actuarial (gain) loss	(2,330)	(17,310)	9,165	15,425
Benefits paid	(4,532)	(2,139)	(2,757)	(898)
Foreign exchange effects	—	(12,202)	—	(11,764)
Benefit obligation, end of year	$62,192	$94,821	$67,010	$122,701
Change in plan assets				
Fair value of plan assets, beginning of year	$53,415	$—	$49,236	$—
Actual return	(268)	—	2,953	—
Employer contribution	2,148	2,139	3,983	898
Benefits paid	(4,532)	(2,139)	(2,757)	(898)
Fair value of plan assets, end of year	$50,763	$—	$53,415	$—
Funded status, end of year	$(11,429)	$(94,821)	$(13,595)	$(122,701)

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	2015		2014	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Amounts recognized in the consolidated balance sheet at December 31				
Noncurrent liabilities	$(11,429)	$(94,821)	$(13,595)	$(122,701)
Net amount recognized	$(11,429)	$(94,821)	$(13,595)	$(122,701)

	2015		2014	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Amounts recognized in accumulated other comprehensive income				
Net loss (gain)	$14,755	$(4,919)	$15,482	$15,425
Foreign exchange effects	—	1,986	—	—
Total before tax [1]	$14,755	$(2,933)	$15,482	$15,425

(1) After-tax totals for pension benefits were $6,812 and $20,315 for 2015 and 2014, respectively, and are reflected in stockholders' equity as accumulated other comprehensive loss.

In the United States, the Pension Protection Act of 2006 (the "Pension Protection Act") established a relationship between a qualified pension plan's funded status and the actual benefits that can be provided. Restrictions on plan benefits and additional funding and notice requirements are imposed when a plan's funded status is less than certain threshold levels. For the 2015 plan year, the funded status for the Company's U.S. pension plans are above 80%, with both plans' funded status above 100%. Accordingly, the Company's U.S. pension plans are exempt from the Pension Protection Act's benefit restrictions.

Pension plans with an accumulated benefit obligation in excess of plan assets at December 31 are as follows:

	2015		2014	
Information for pension plans with an accumulated benefit obligation in excess of plan assets	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Projected benefit obligation	$(62,192)	$(94,821)	$(67,010)	$(122,701)
Accumulated benefit obligation	(62,192)	(93,231)	(67,010)	(119,258)
Fair value of plan assets	50,763	—	53,415	—

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The following table provides the components of net periodic benefit costs, other changes in plan assets and benefit obligation recognized in other comprehensive income.

	Year Ended December 31,				
	2015		2014		2013
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans
Components of net periodic benefit cost					
Service cost	$29	$1,661	$334	$602	$1,091
Interest cost	2,015	2,110	2,322	1,366	2,047
Expected return on plan assets	(2,960)	—	(3,140)	—	(2,854)
Net amortization	1,270	1,048	571	—	2,255
Settlement benefits	355	—	—	—	—
Net periodic benefit cost	$709	$4,819	$87	$1,968	$2,539
Other changes in plan assets and benefit obligation recognized in other comprehensive income (OCI)					
Net loss (gain) emerging	$898	$(17,310)	$9,352	$15,425	$(12,468)
Amortization of net loss	(1,270)	(1,048)	(274)	—	(1,958)
Amortization of prior service cost	—	—	(297)	—	(297)
Settlement benefits	(355)	—	—	—	—
Total recognized in OCI	$(727)	$(18,358)	$8,781	$15,425	$(14,723)
Total net periodic benefit cost and OCI	$(18)	$(13,539)	$8,868		