

Westlake Chemical Corporation

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Citigroup Smith Barney

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Forward-Looking Statements

Statements made during this presentation contain forward-looking statements which are subject to risks and uncertainties. These include 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 and worldwide economies; current and potential governmental regulatory actions in the United States and regulatory actions, and political unrest in other countries; industry production capacity and operating rates; the supply/demand balance for our products; competitive products and pricing pressures; access to capital markets; terrorist acts; operating interruptions; changes in laws or regulations; technological developments; our ability to implement our business strategies; creditworthiness of our customers; and other factors discussed in the periodic and current reports, including Forms 10-K, 10-Q and 8-K, filed from time to time by the company with the SEC.

Reconciliation of Non-GAAP financial measures to GAAP financial measures is provided in the appendix of this presentation.

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Company Overview

Westlake Chemical Corp (data LTM 9/30/04)

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Olefins

+

Vinyls

Sales	\$1,788 million
EBITDA	\$275 million
Net Income	\$84 million

Sales	\$1,119 million
% of Total	63%

Sales	\$669 million
% of Total	37%

Mission Statement

- Profitable growth,
- In businesses we understand,
- Globally in areas we can gain an edge,
- In a disciplined and opportunistic manner

Product	Annual capacity
---------	-----------------

- Ethylene 2,400
- LDPE 850
- LLDPE & HDPE 550
- Styrene 450

Product	Annual capacity
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- PVC 1,400
- VCM 1,900
- Chlorine 410
- Caustic soda 450
- Ethylene 450
- Fabricated products² 900
- China JV - PVC 286
- China JV - Fab. prod. 79



Note: EBITDA is adjusted for \$14.7 mm of debt retirement costs

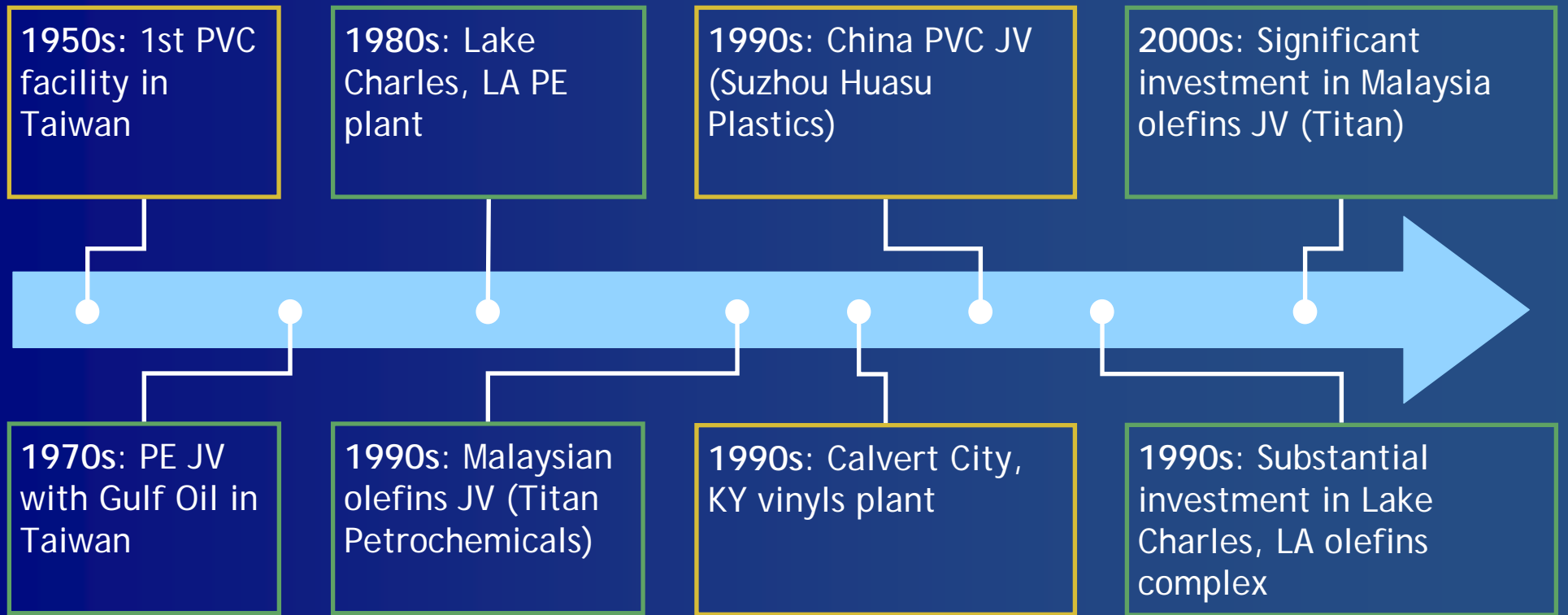


Investment Considerations

- Global business perspective
- Demonstrated profitable growth; among the highest margin North American assets
- Strong structural sources of competitive advantage
- Positive industry fundamentals: Industry supply outlook best in 15 years
- Near-term momentum with significant leverage to upturn in both Olefins and Vinyls
- Superior balance sheet strength



Global Business Perspective



Operating Philosophy

- Focus on Vinyls and Olefins
- Discipline — EVA™, cost control, investment philosophy

Entrepreneurial Culture

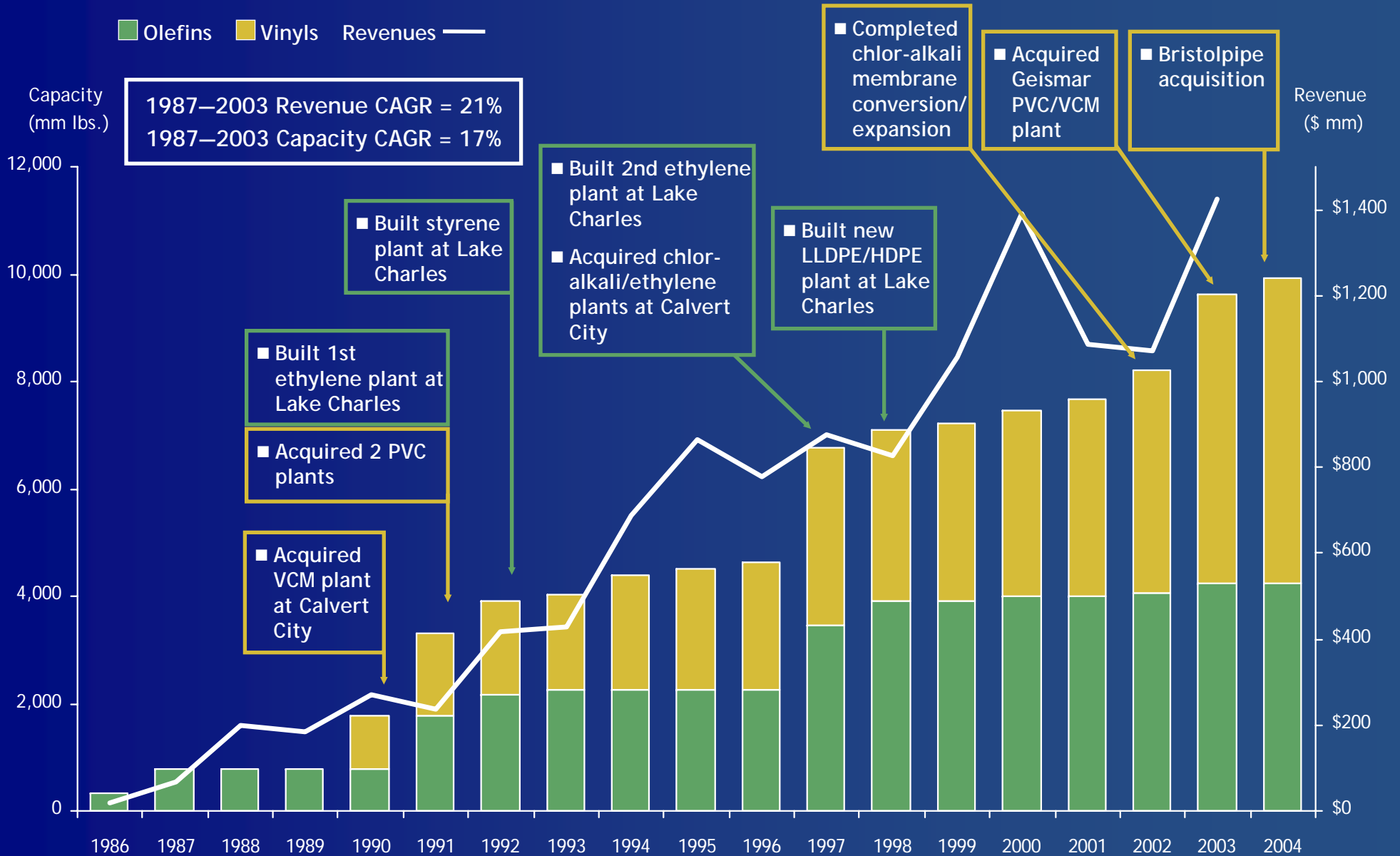
- Run by entrepreneurs
- Opportunistic, quick responsiveness to investment opportunities

Depth of Experience

- Five decades of Chao family history
- Breadth and depth of professional managers



Focused Organic and Acquisition-led Growth





Among the Highest Margin North American Assets

2003 Comparative EBITDA Margins



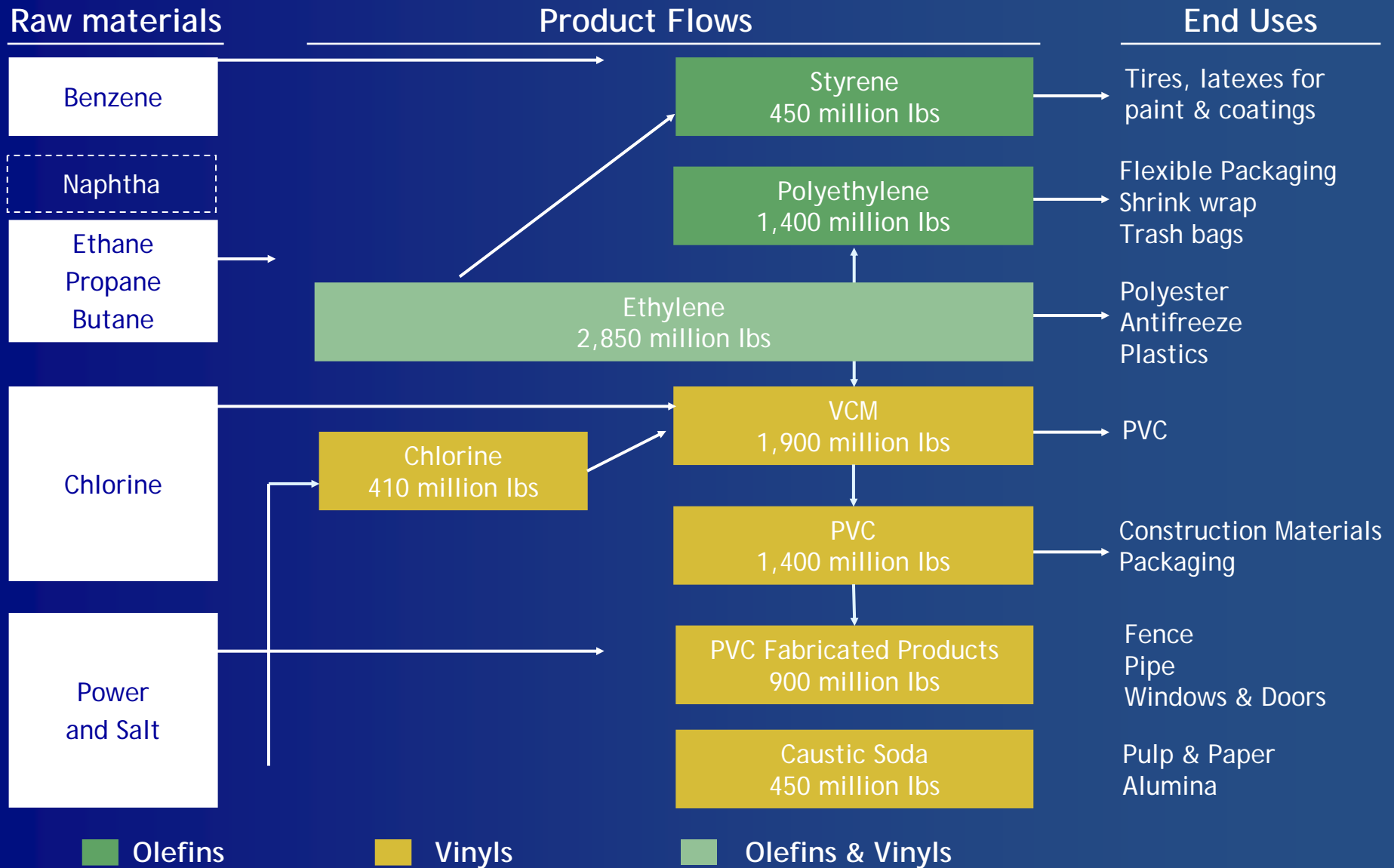
Q3 YTD 2004 Comparative EBITDA Margins



Note: Peer group includes DOW, EMN, GGC, LYO, and NCX
LYO margin is pro forma 58.75% LCR ownership and Millennium acquisition



Highly Integrated Producer



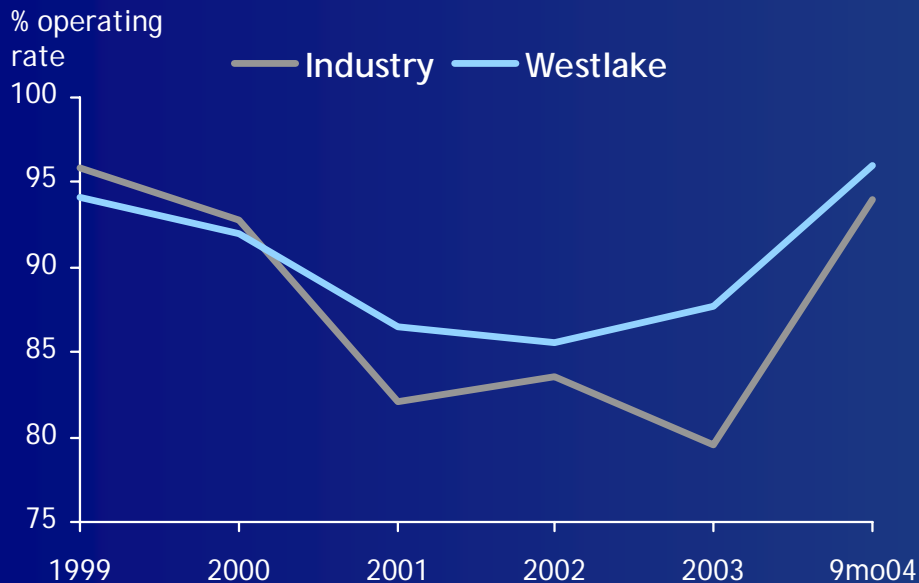
Note: Naphtha capability is a future opportunity



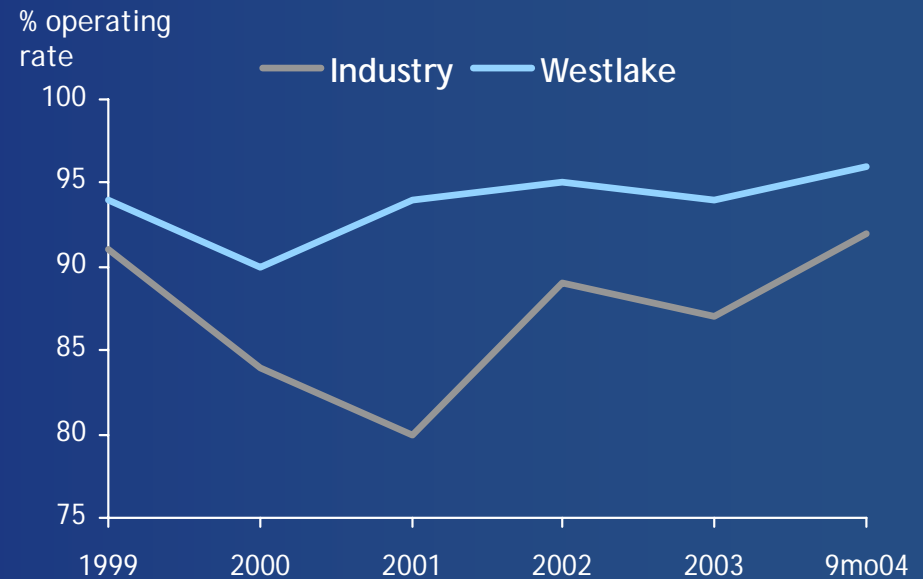
Vertical Integration Results in High Operating Rates

- 70% of 2003 basic chemical production used internally
 - 83% of ethylene used internally
 - 63% of VCM used internally; balance under contract
 - 63% of PVC used internally; balance under contract
- Significant vertical integration results in higher operating rates than the industry and less exposure to raw material swings

Ethylene Operating Rates



PVC Operating Rates



Source: CMAI and Westlake



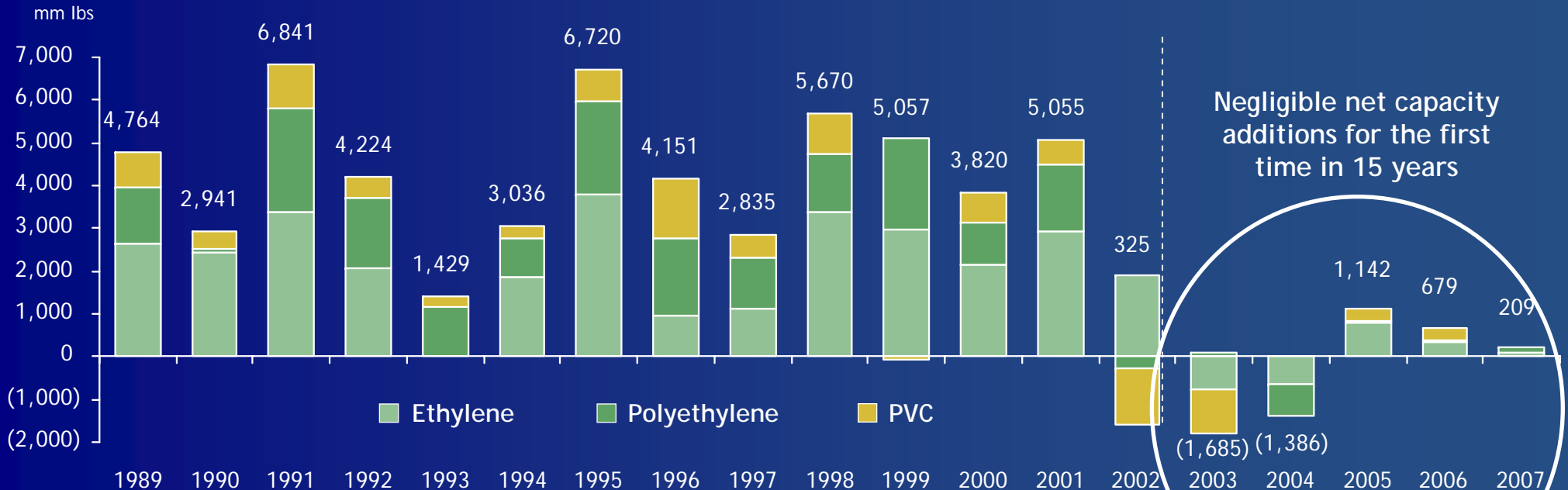
Strategically Located Modern Assets – Regional Strength with Global Perspective





Positive Industry Fundamentals Resulting in Strong Outlook

U.S. & Canada Industry Supply Outlook – Changes in Incremental Capacity



Source: CMAI

Note: 2005 and 2006 include possible capacity from Geismar

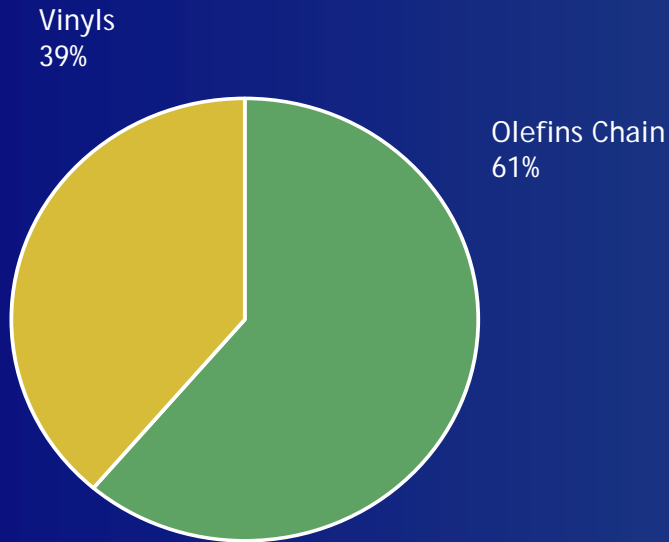
- Industry fundamentals are improving
 - No major new capacity additions, improving demand in key products
 - CMAI forecasts increasing operating rates and significant upside
- Energy price volatility and economic uncertainty have led to underinvestment in North America
- Grass roots expansion timeline - 3 to 4 years; existing capacity expansion - 1 to 2 years



Unique Leverage to Both Olefins and Vinyls

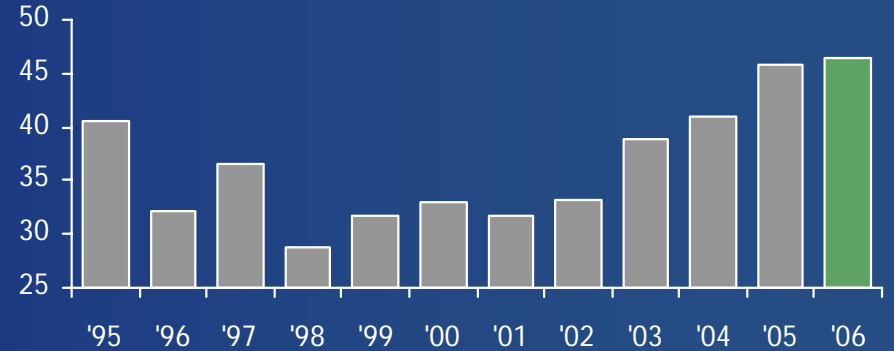
Estimated Contribution to Cycle-Average EBIT

Westlake



LDPE Margin

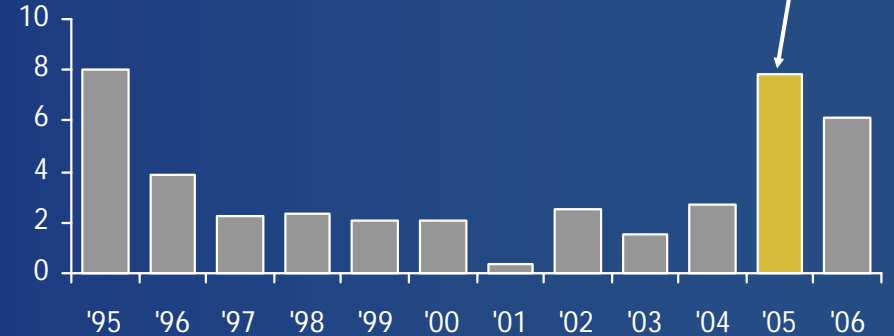
¢ / lb.



Peak

PVC Margin

¢ / lb.

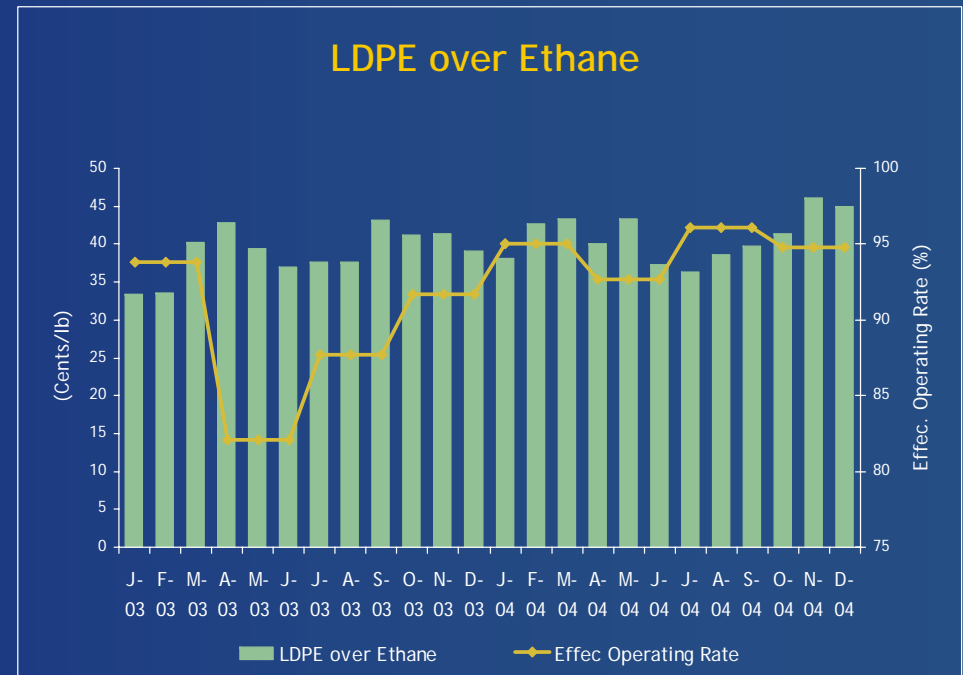
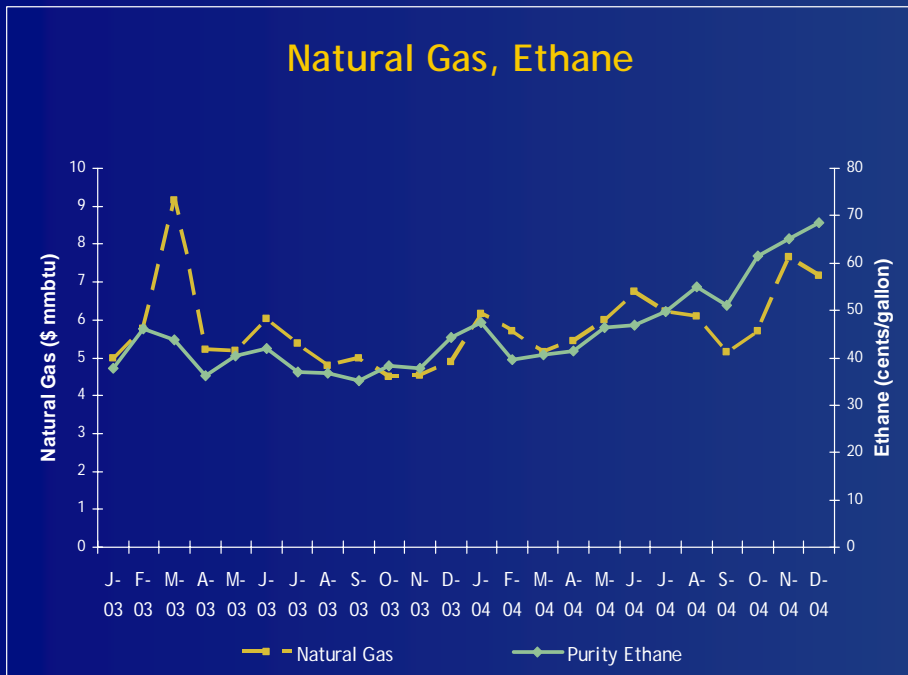


Source: CMAI

Note: LDPE margin represents spread over ethane



Polyethylene

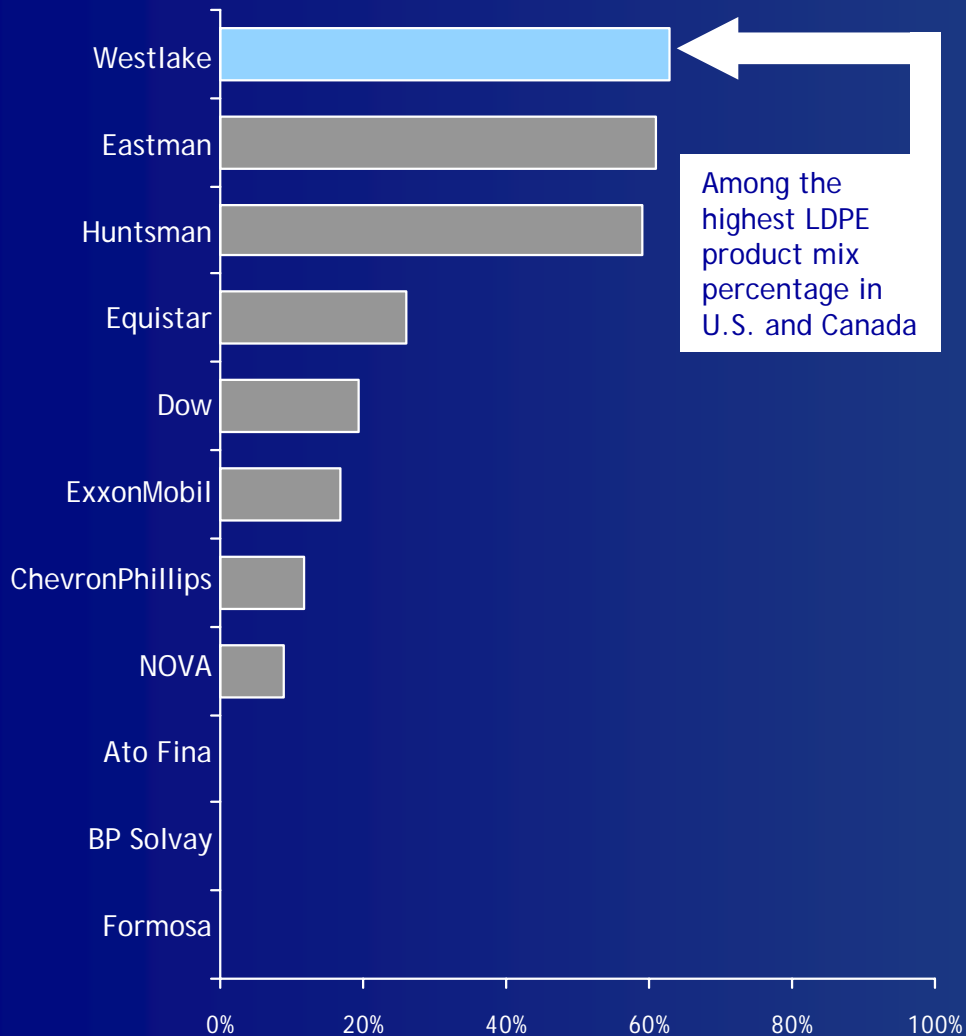


- Sharp increases in feedstock costs mitigated by increasing product prices
- Tight U.S. supply/demand balance from improving demand (especially Asia), lack of recent new build capacity
- Favorable forecasted margins peaking in 2006



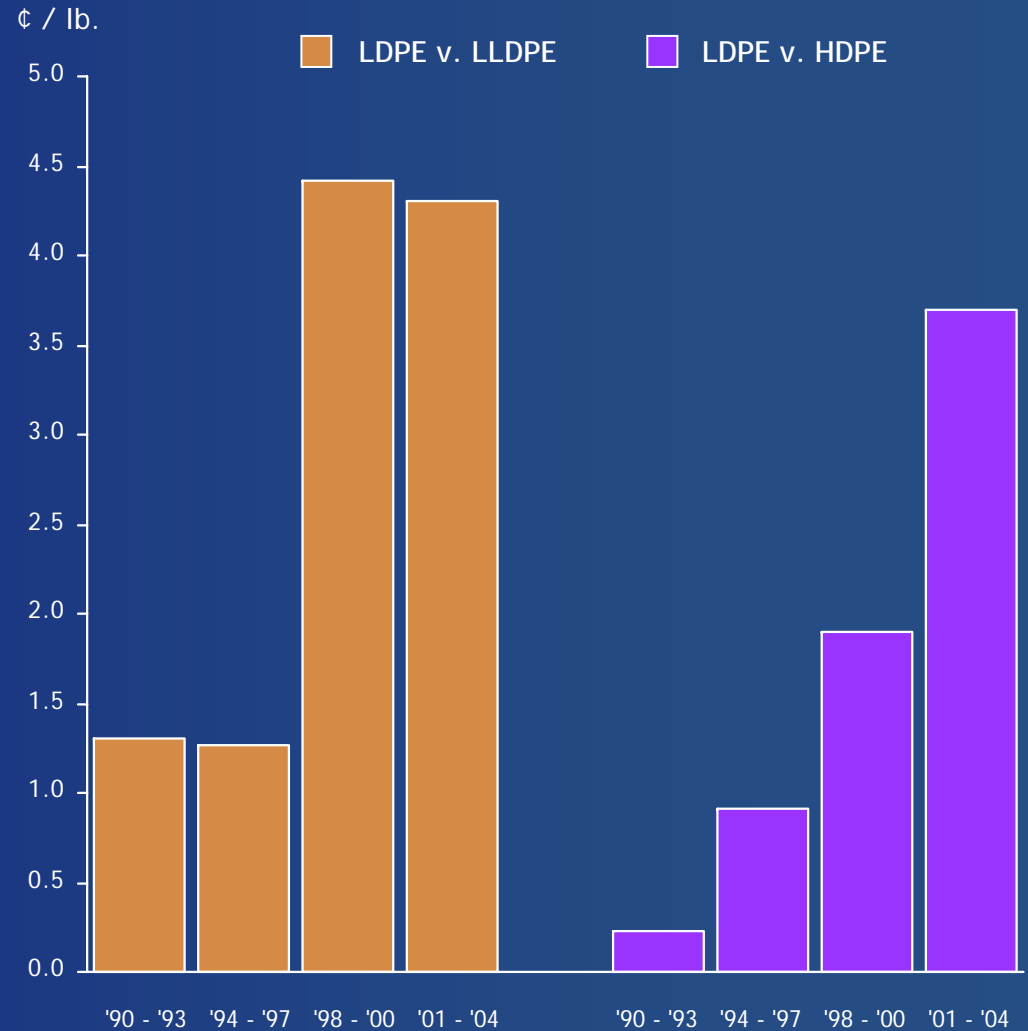
Westlake's LDPE-Driven Mix is a Competitive Advantage

Westlake's PE Business is Heavily Weighted to LDPE



Source: Chemical Data, Inc.

LDPE Has Been More Profitable Than Other PE Grades

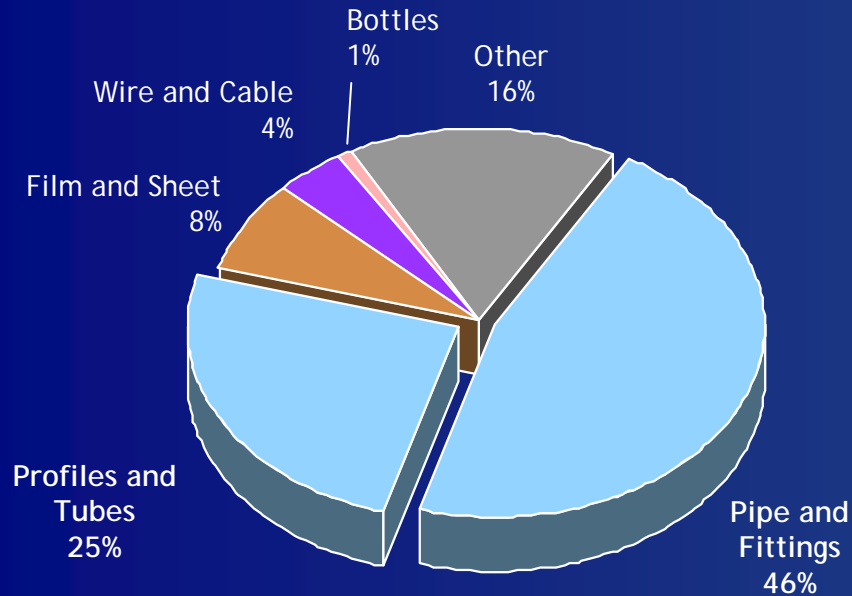


Source: CMAI



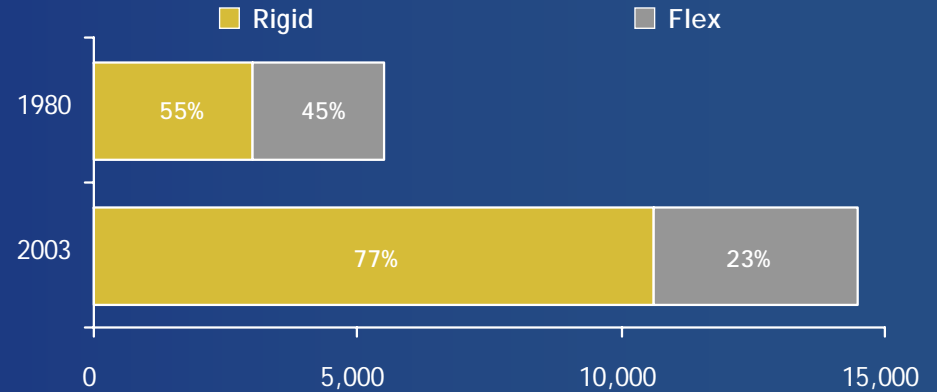
PVC Industry Overview – Focus on Growing Rigid PVC Market

2003 North American PVC Consumption by End Use

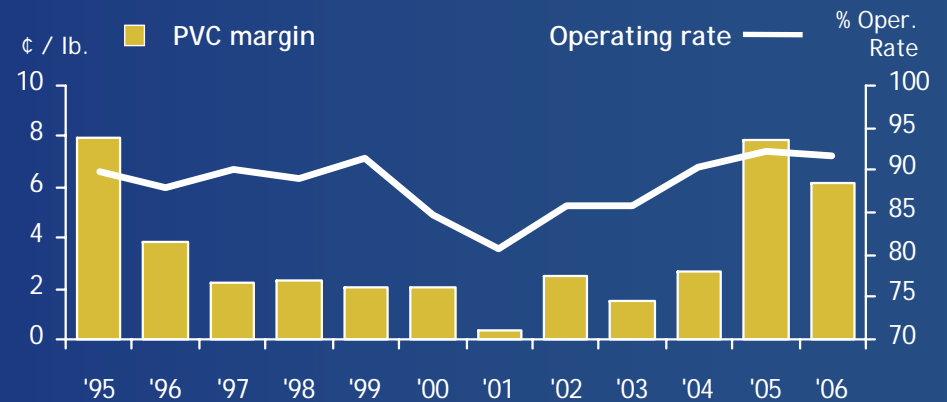


Total = 14,504 million pounds¹

North American PVC Demand (mm lbs.)



North American PVC Margins vs. Operating Rates

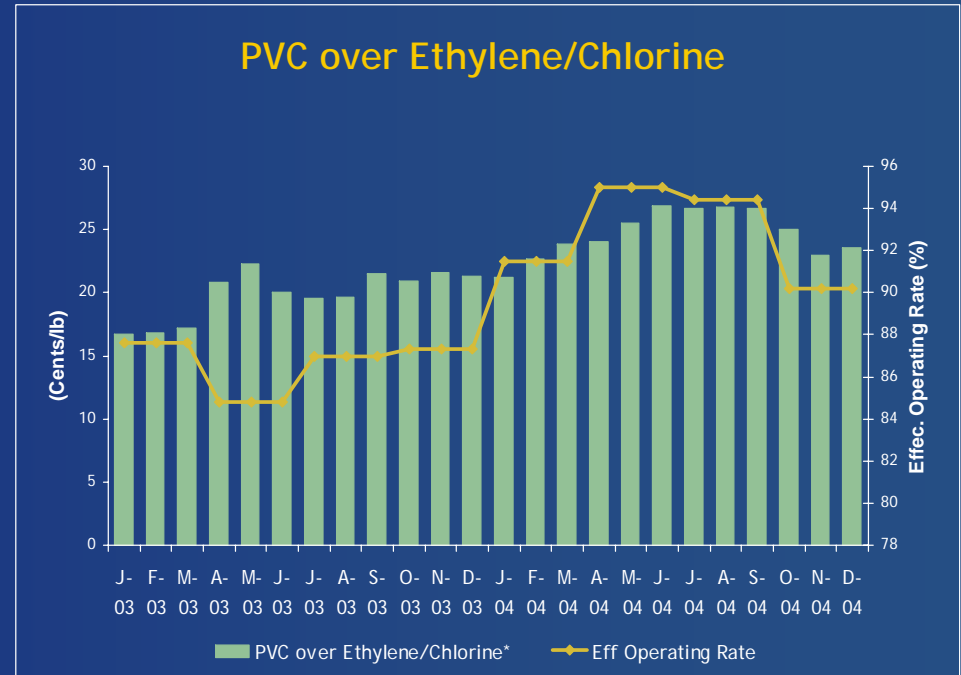
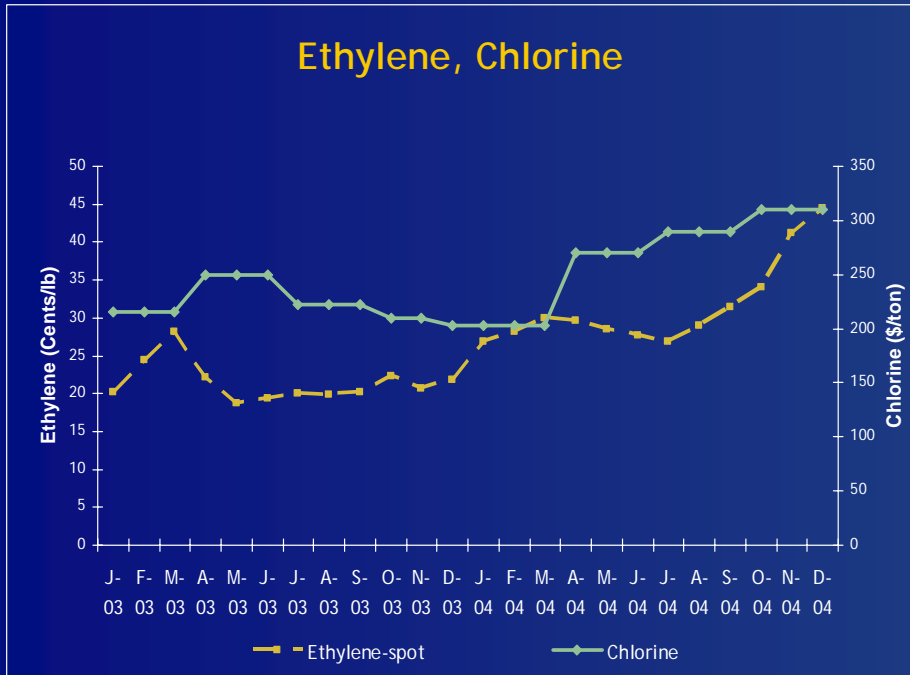


Source: CMAI

¹ Excludes consumption related to exports



PVC



- Price increases outpacing rising feedstock costs
- Tight US supply/demand balance from improving demand and lack of new capacity
- Favorable forecasted margins

* 2003 PVC Prices adjusted to reflect CMAI 2004 price reduction of 7 ct/lb



PVC Fabricated Products

■ North American Pipe

- #1 in geographic regions served
- Currently 5 PVC pipe plants; 510mm lbs.
- Bristolpipe - 3 plants; 300mm lbs.
- Forecasted to grow 3.2% through 2006

■ Westech Fence

- #2 producer of PVC fence, deck and railing
- 60mm lbs. capacity at 3 plants
- Segment growth of 22% CAGR since 1996; Westech 33%
- Forecasted to grow 14.2% through 2006

■ North American Profiles - Windows/Doors

- 2 plants in Calgary, AB and Pawling, NY
- 30mm lbs. annual capacity
- Forecasted to grow 5.9% through 2007

Note: Segment growth based on Fréedonia Group, Inc. estimates

PVC Pipe



Residential and Ranch Fence



Windows





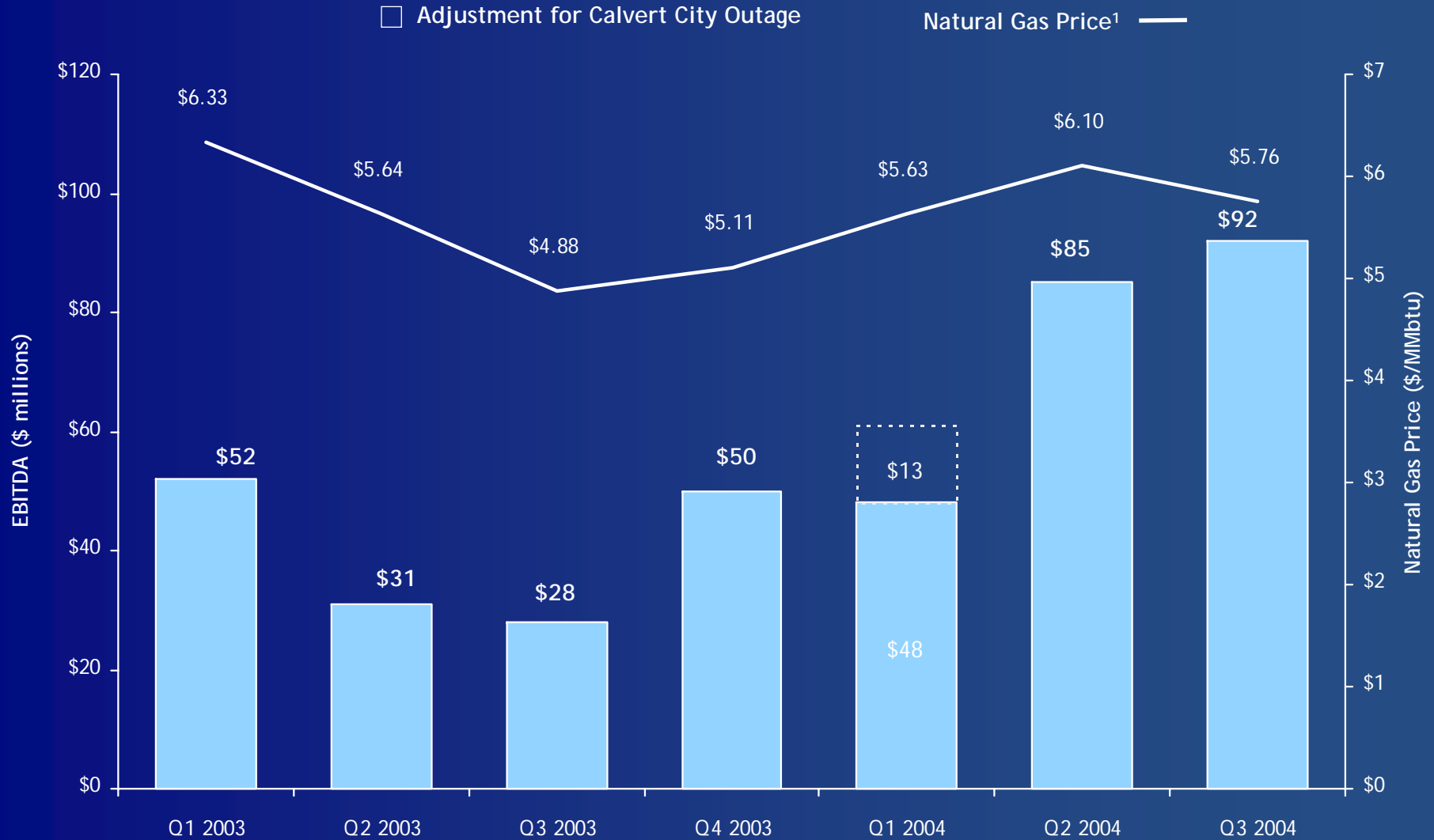
Attractive Financial Characteristics

- Integrated, pure-play commodity chemical company = strong operating leverage
- Disciplined investment strategy
- Strong balance sheet
 - Conservative financial profile and policies
- Significant cash flow generation
 - Well invested asset base
 - NOL position
- Significant earnings upside
 - Low cost expansion opportunities
 - Peak earnings leverage: Olefins and Vinyls



Strong Quarterly Momentum

EBITDA by Quarter



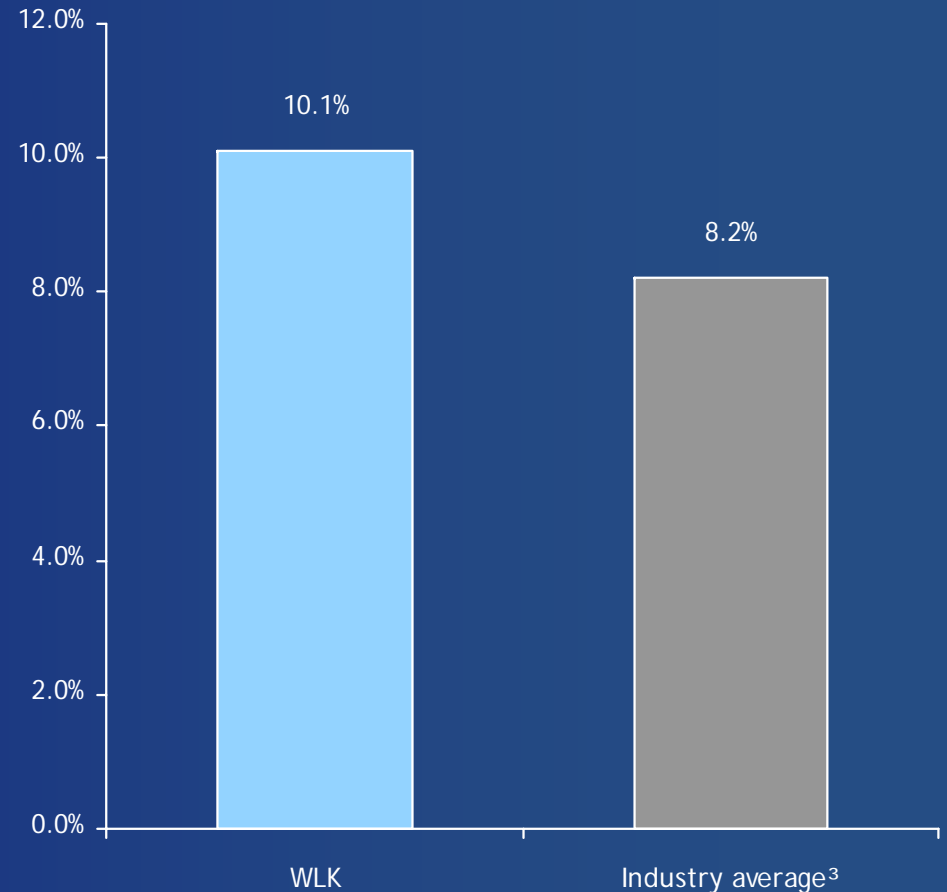
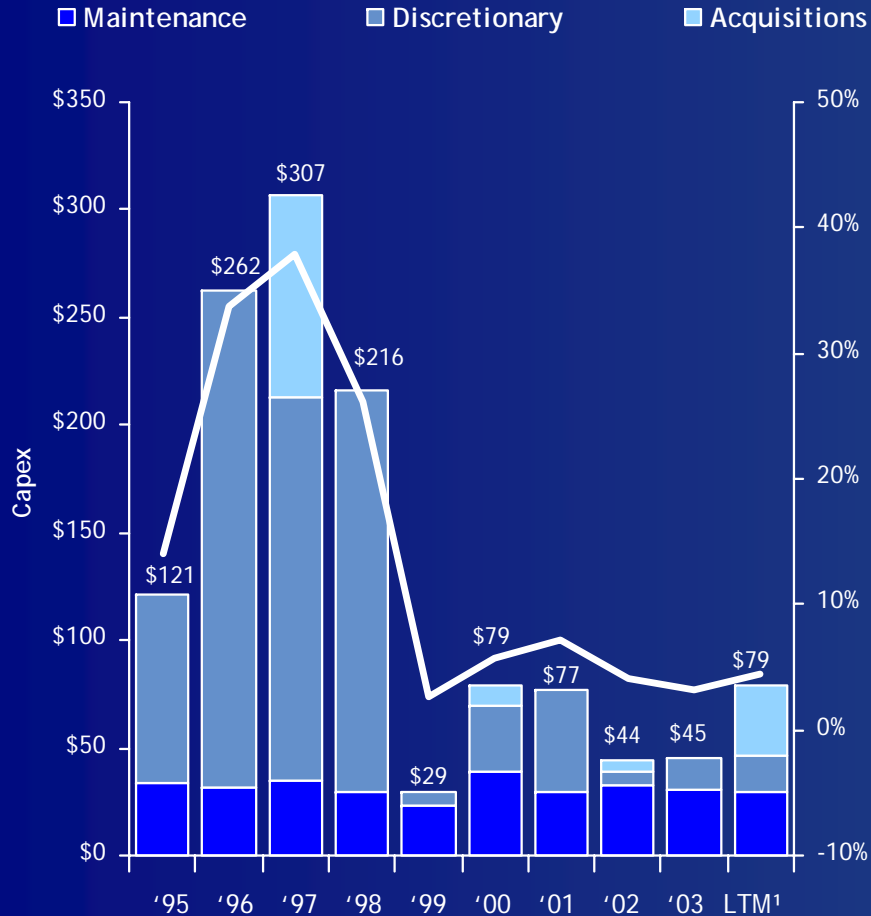
¹ Represents average daily Henry Hub gas prices for each quarter (Source: Bloomberg)



Disciplined Investment History

Investments as % of sales

LTM ROGIC²



¹ LTM as of 9/30/04

² Return on Gross Invested Capital defined as: $(\text{Net income} + \text{DDA} + \text{tax effected interest expense}) / (\text{total assets} + \text{accumulated depreciation and amortization less non-interest bearing current liabilities})$

³ Industry average includes Dow, Eastman, Georgia Gulf, NOVA and Lyondell (pro forma for Millennium)

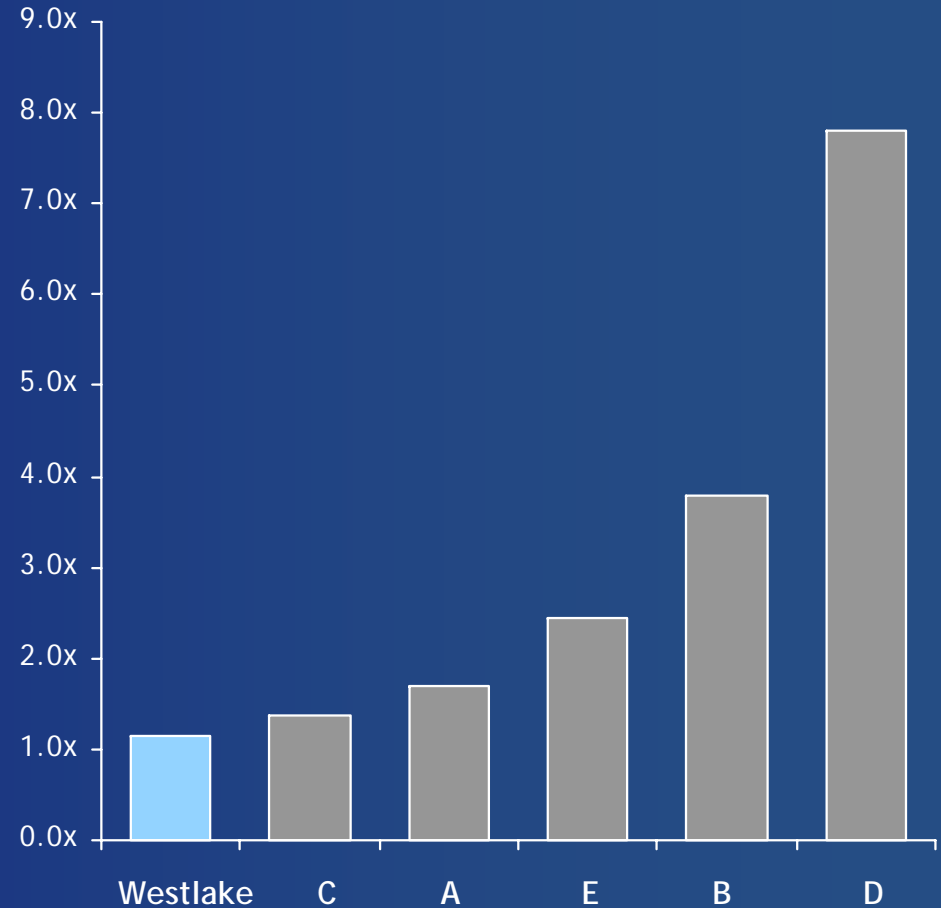


Best-in-Class Balance Sheet

Pro Forma Capitalization (\$ millions)

	September 30, 2004
Cash and cash equivalents	\$51.0
Long-term debt, incl. current portion	
Senior secured term loan	\$90.5
8¾% Senior Notes due 2011	247.0
Other debt	10.9
Total debt	\$348.4
Stockholders' equity	722.9
Total capitalization	\$1,071.3

Net Debt / LTM EBITDA at 9/30/04



Note: Peer group includes DOW, EMN, GGC, LYO, and NCX
 LYO margin is pro forma 58.75% LCR ownership and Millennium acquisition



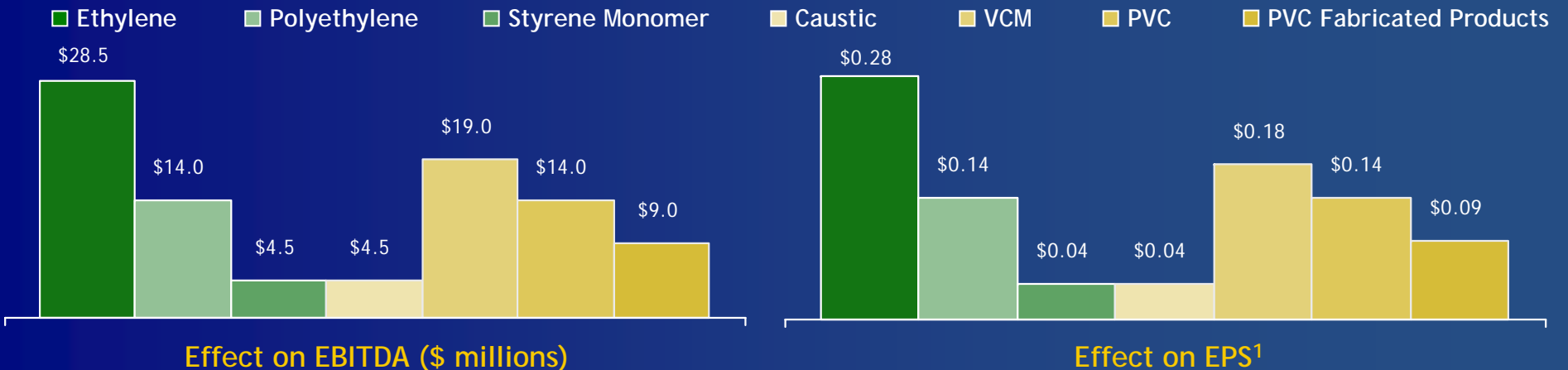
Significant Earnings Leverage

Key Capacities (mm lbs.)

	1995	2004	Increase
Ethylene	1,100	2,850	2.6x
Polyethylene	850	1,400	1.6
Styrene Monomer	400	450	1.1
Chlorine	—	410	—
Caustic Soda	—	450	—
VCM	1,100	1,900	1.7
PVC	600	1,400	2.3
PVC Fabricated Products	452	900	2.0
	<u>4,502</u>	<u>9,760</u>	<u>2.2x</u>

Note: 2004 PVC and VCM capacities include idle capacity of Geismar

Each 1¢ / lb. increase in profit margin



¹ Westlake shares outstanding based on total basic number of shares of 64.9 million.



Summary

Why Westlake?

- Unique leverage to both Olefins and Vinyls
- Multiple sources of competitive advantage
 - Age, integration and location of assets
 - Operating philosophy with matching track record
 - Entrepreneurial culture
 - Global business perspective
- Westlake-specific catalysts
 - Top-line growth
 - Accretive bolt-on acquisitions
 - Strategic Investments

Why Now?

- Near-term supply additions at 15-year low
- Annual operating rates have been rising
- Margins have been rising from the trough
- Significant momentum towards industry peaks



Appendix

Reconciliation of EBITDA to Net Income (Loss) and to Cash Flow from Operating Activities

	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	LTM
(\$ in 000s)								
Adjusted EBITDA	51,612	31,475	28,075	49,566	47,740	85,468	91,852	274,626
Debt Retirement Cost	-	-	(11,343)	-	-	-	(14,685)	(14,685)
EBITDA	51,612	31,475	16,732	49,566	47,740	85,468	77,167	259,941
Less:								
Income tax (provision) benefit	(7,633)	(339)	5,529	(6,304)	(5,405)	(18,869)	(17,595)	(48,173)
Interest expense	(8,855)	(8,595)	(10,148)	(10,991)	(10,752)	(11,365)	(10,144)	(43,252)
Depreciation and amortization	(22,248)	(21,964)	(21,445)	(21,636)	(20,898)	(20,840)	(21,111)	(84,485)
Net income (loss)	12,876	577	(9,332)	10,635	10,685	34,394	28,317	84,031
Changes in operating assets and liabilities	22,712	(18,702)	28,347	30,988	(5,043)	(24,776)	(5,742)	(4,573)
Equity in income of unconsolidated subsidiary	(612)	(205)	(153)	(540)	(532)	(179)	(362)	(1,613)
Deferred income taxes	8,584	(1,073)	(5,641)	5,242	5,144	17,353	16,346	44,085
Impairment of long-lived assets	-	932	-	1,353	-	1,314	516	3,183
Write off of debt issuance cost	-	-	7,343	-	-	-	3,047	3,047
(Gain) loss from disposition of fixed assets	(2,949)	125	(88)	9	(231)	64	1,676	1,518
Amortization of debt issue costs	-	-	-	887	552	554	555	2,548
Provision for doubtful accounts	3,990	(1,060)	(29)	(1,029)	(778)	464	23	(1,320)
Cashflow from operating activities	44,601	(19,406)	20,447	47,545	9,797	29,188	44,376	130,906

