



Westlake Chemical Corporation

**Acquisition of Eastman's Polyethylene Business and
Ethylene Pipeline
October 10, 2006**





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; litigation and litigation outcomes; 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.

Investor Relations Contact

Steve Bender
Vice President & Treasurer
sbender@westlakechemical.com

Westlake Chemical Corporation
2801 Post Oak Boulevard, Suite 600
Houston, TX 77056
(713) 960-9111
www.westlakechemical.com



Transaction overview



Westlake expects to acquire from Eastman Chemical Company its polyethylene and Epolene businesses, related assets and the company's ethylene pipeline. The businesses include:

- ❖ Polyethylene capacity of 1,125 million pounds per year
 - LDPE - 700 million pounds per year
 - LLDPE - 425 million pounds per year
 - LDPE includes one of the largest and newest auto clave reactors in the World
- ❖ 200 mile long ethylene pipeline from Mt. Belvieu to Longview, Texas
- ❖ Purchase Price \$255 million
- ❖ Funding from current cash balances



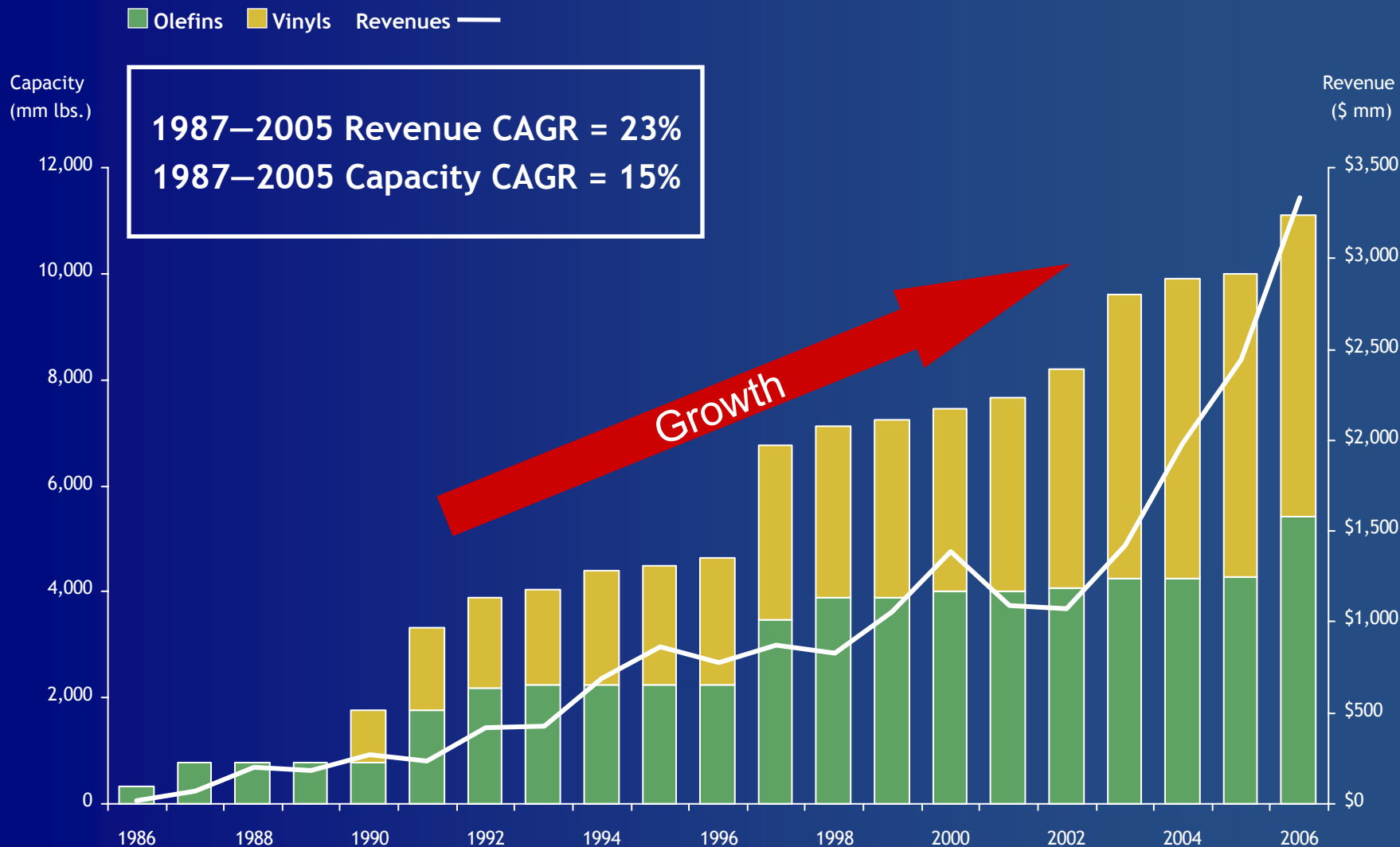
Transaction Rationale & Strategic Fit



- Strengthens our core polyethylene business
 - Expands our LDPE capacity - the most profitable PE product
 - Leader in extrusion coating products & technology and in developing LLDPE film grade resins.
- Upgrades and broadens our polyethylene product mix with specialty acrylate copolymers and specialty Epolene® polymers for adhesives and other products
- Adds significant technology with R&D capability and pilot plants
- Creates superior shareholder value



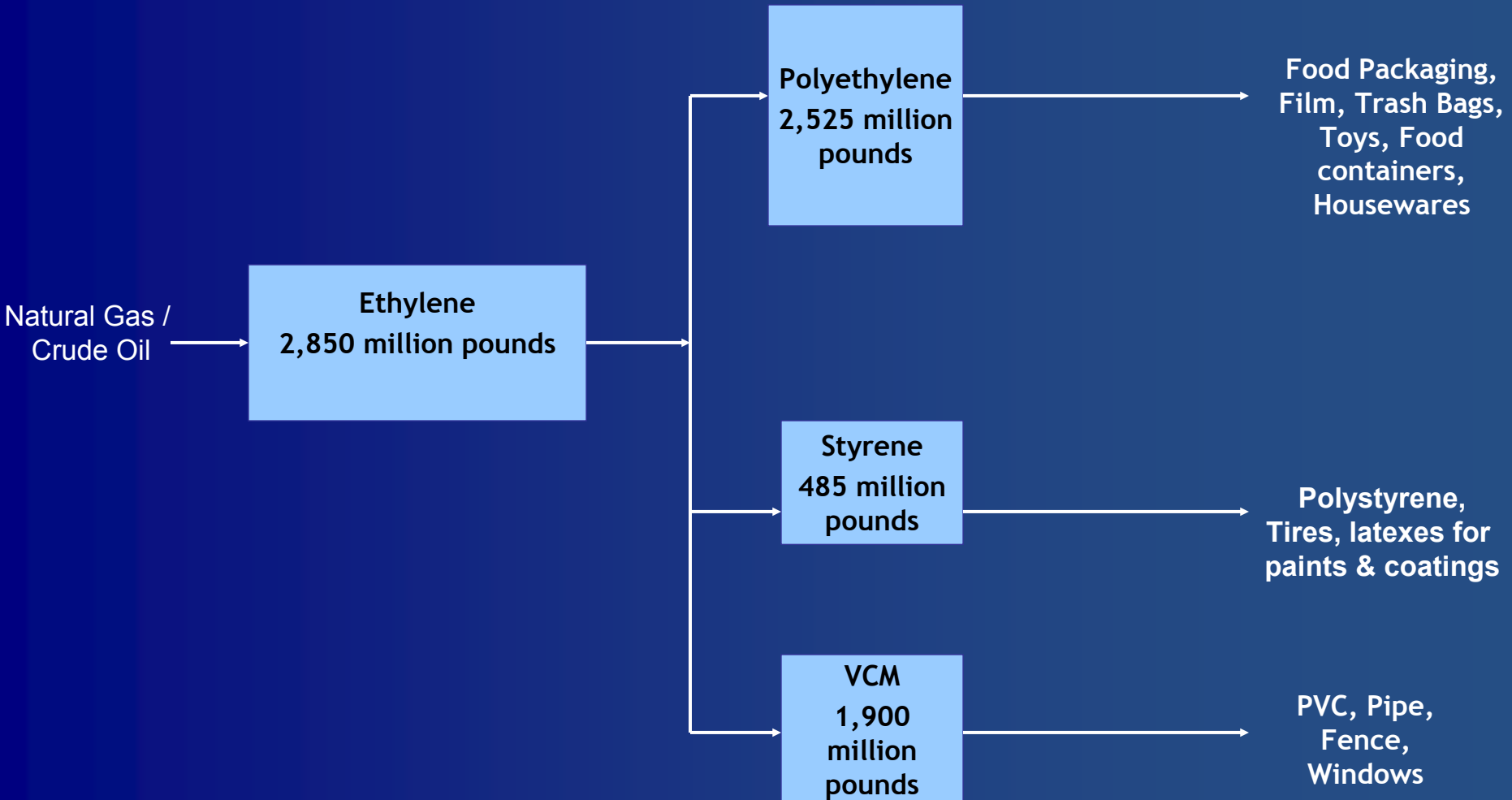
20 Years of Focused Organic and Acquisition-led Growth



2006 is Pro Forma including Eastman capacity and full year revenue



Westlake Chemical Corporation Olefins Integration Strategy



Represents annual capacity on a pro forma basis

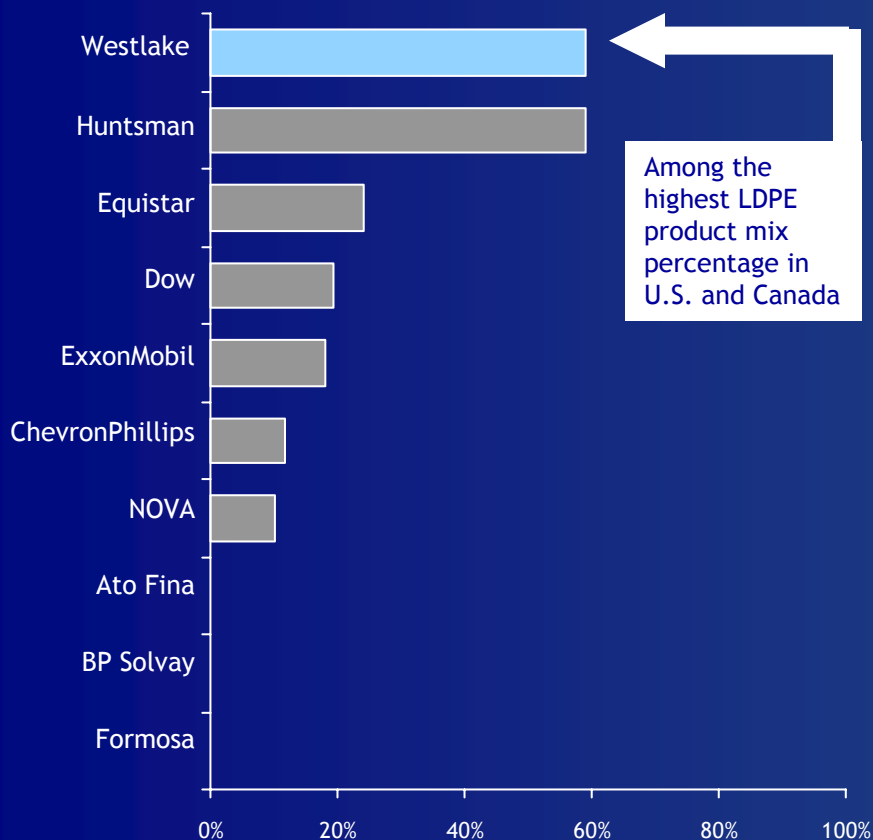


Westlake's LDPE-Driven Mix is a Competitive Advantage



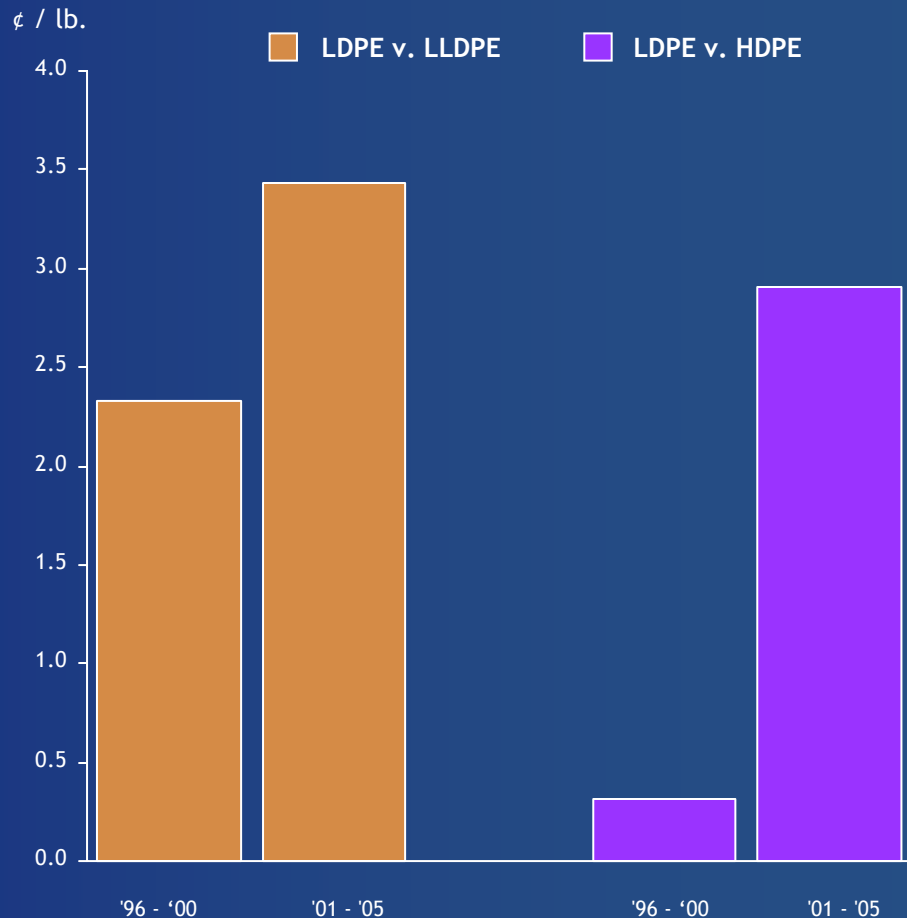
Westlake's PE Business is Heavily Weighted to LDPE - Pro Forma

Westlake's LDPE Has Been More Profitable Than Other PE Grades



← Among the highest LDPE product mix percentage in U.S. and Canada

Source: Chemical Data, Inc.



Source: CMAI



Westlake Pro Forma Capitalization



Actual Capitalization (\$ millions)

June 30, 2006

Cash and cash equivalents	<u>\$275.6</u>
Long-term debt, incl. current portion	
6.625% Senior Notes due 2016	249.2
Other debt	<u>10.9</u>
Total debt	<u>260.1</u>
Stockholders' equity	<u>1,111.5</u>
Total capitalization	<u>\$1,371.6</u>

Debt to Capitalization Ratio 19%
Net Debt To Capitalization Ratio (1%)

Pro Forma Capitalization (\$ millions)

June 30, 2006

Cash and cash equivalents	<u>\$20.6</u>
Long-term debt, incl. current portion	
6.625% Senior Notes due 2016	249.2
Other debt	<u>10.9</u>
Total debt	<u>260.1</u>
Stockholders' equity	<u>1,111.5</u>
Total capitalization	<u>\$1,371.6</u>

Debt to Capitalization Ratio 19%
Net Debt To Capitalization Ratio 18%

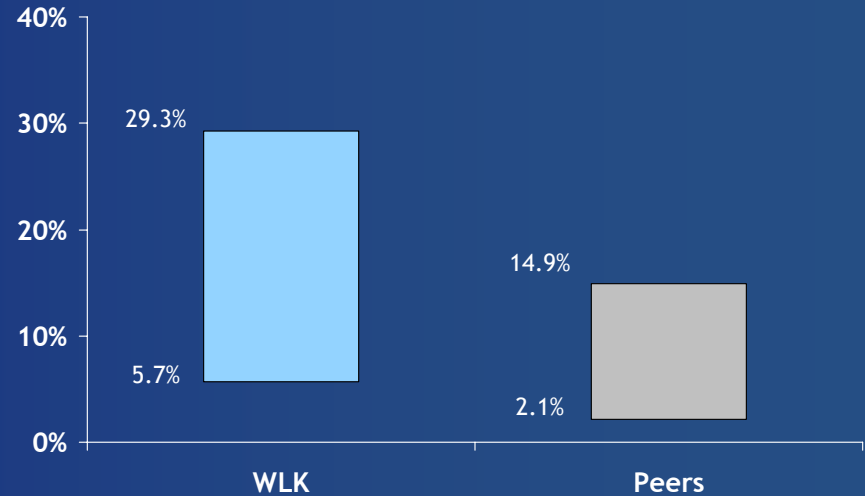
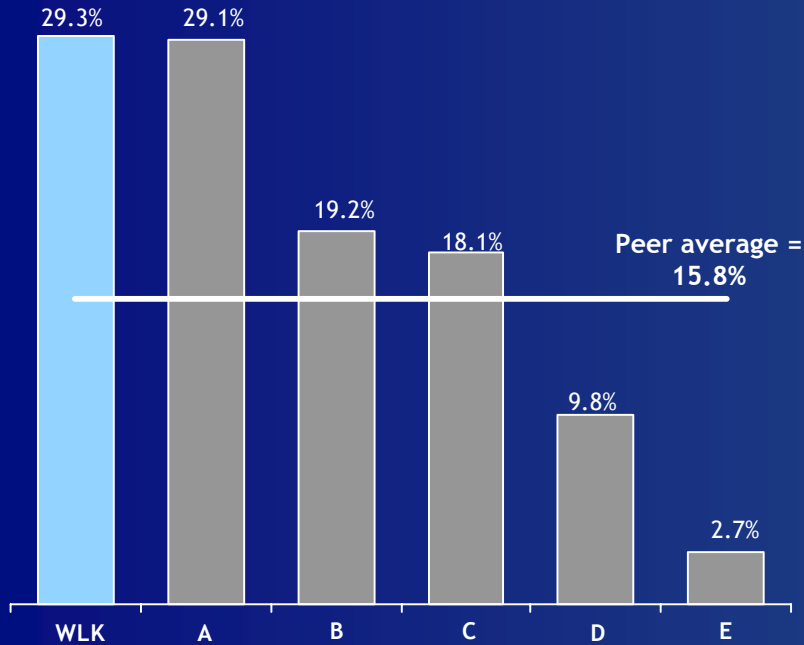


Among the Highest Returns for North American Assets



LTM Q2 2006 Return on Capital Employed (ROCE)

Return on Capital Employed (ROCE) Range from FY'03 to FY'05



Return on capital employed consistently surpasses peer average

Return on capital employed (ROCE) is defined as operating income divided by average capital employed.
Peers include: DOW, EMN, LYO, GGC, NCX

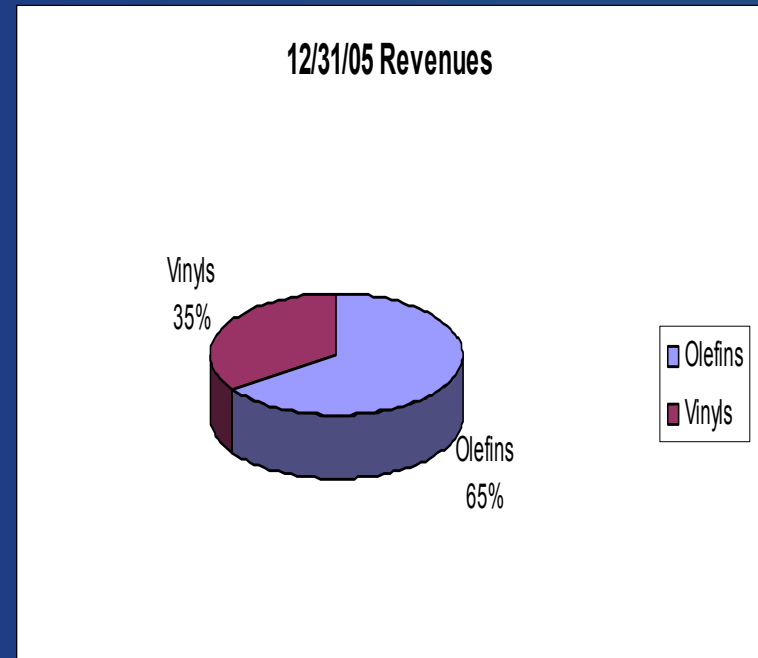
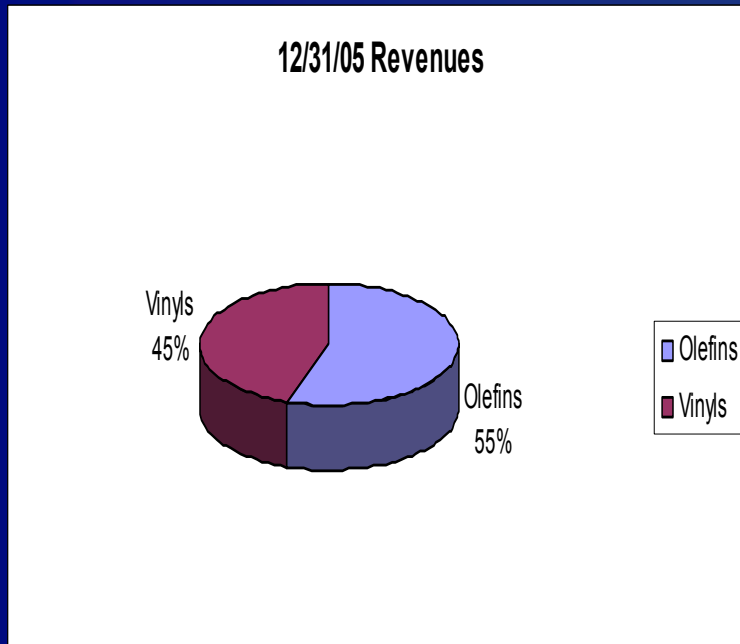


Westlake Pro Forma Revenue



Revenues 2005 - \$ 2.4 billion

Pro Forma Revenues 2005 - \$ 3.1 billion





Significant Earnings Leverage



Key Production Capacities (mm lbs.)

(reflects Eastman)

	1995	2006	Increase
Ethylene	1,100	2,850	2.6x
Polyethylene	850	2,525	3.0
Styrene Monomer	400	485	1.2
Chlorine	—	410	—
Caustic Soda	—	450	—
VCM	1,100	1,900	1.7
PVC	600	1,400	2.3
PVC Fabricated Products	452	915	2.0
	<u>4,502</u>	<u>10,935</u>	2.4x

Each 1¢ / lb. increase in profit margin

	EBITDA (mm\$)	EPS	Capacity (mm lbs.)
Ethylene	\$28.5	\$0.28	2,850
Polyethylene	25.0	0.24	2,525
Styrene Monomer	4.9	0.05	485
Chlorine	--	--	410
Caustic Soda	4.5	0.04	450
VCM	19.0	0.18	1,900
PVC	14.0	0.14	1,400
PVC Fabricated Products	9.2	0.09	915



Next Steps



- File Hart Scott Rodino documents
- Obtain regulatory approvals
- Complete pre-closing integration activities
- Funding from current cash balances
- Transaction expected to close following regulatory approval

WV