WESTLAKE CHEMICAL CORP
Form DEF 14A
April 08, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A Information

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

Filed by the Registrant x   Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

WESTLAKE CHEMICAL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

WESTLAKE CHEMICAL CORPORATION

2801 Post Oak Blvd.

Houston, Texas 77056

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held on May 14, 2009

To the Stockholders:

The annual meeting of stockholders of Westlake Chemical Corporation (the Company or Westlake) will be held at the Westlake Center Annex, 2801 Post Oak Blvd., Houston, Texas 77056, on Thursday, May 14, 2009 at 9:00 a.m. local time for the following purposes:

(1) To elect two members of the Board of Directors for the terms described in the Proxy Statement;

(2) To ratify the appointment of PricewaterhouseCoopers LLP to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2009; and

(3) To act upon any other matters that may properly come before the annual meeting.

The Board of Directors has fixed the close of business on Monday, March 30, 2009, as the record date for the determination of stockholders entitled to notice of and to vote at the annual meeting.

All stockholders are requested to be present in person or by proxy. For the convenience of those stockholders who do not expect to attend the annual meeting in person and desire to have their shares voted, a form of proxy and an envelope, for which no postage is required, are enclosed. You may also vote by the Internet or telephone. Any stockholder may revoke the proxy for any reason and at any time before it is voted.

Please complete, sign, date and mail promptly the accompanying proxy card in the return envelope furnished for that purpose, whether or not you plan to attend the annual meeting.

Voting by the Internet or telephone is fast, convenient and your vote is immediately confirmed and tabulated. By using the Internet or telephone you help the Company reduce postage and proxy tabulation costs.

Please do not return the enclosed proxy if you are voting over the Internet or by telephone.

VOTE BY INTERNET

American Stock Transfer & Trust Company

http://www.voteproxy.com

24 hours a day/7 days a week

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern time on May 13, 2009. Have your proxy card in hand when you access the Web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

VOTE BY TELEPHONE

American Stock Transfer & Trust Company

1-800-PROXIES via touch tone

phone toll-free

24 hours a day/7 days a week

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern time on May 13, 2009. Have your proxy card in hand when you call and then follow the instructions.

Your cooperation is appreciated, since a majority of the common stock must be represented, either in person or by proxy, to constitute a quorum for the conduct of business.

By Order of the Board of Directors

Stephen Wallace

Vice President, General Counsel and Secretary

Dated: April 10, 2009

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on May 14, 2009.

This Proxy Statement, our annual report to stockholders and other proxy materials are available on our Web site at www.westlake.com/report2009 and www.westlake.com/proxy2009.

WESTLAKE CHEMICAL CORPORATION

2801 Post Oak Blvd.

Houston, Texas 77056

PROXY STATEMENT

For Annual Meeting of Stockholders To Be Held on May 14, 2009

GENERAL MATTERS

This Proxy Statement and the accompanying form of proxy are being furnished to the stockholders of Westlake Chemical Corporation (the Company or Westlake) on or about April 10, 2009 in connection with the solicitation of proxies by our Board of Directors for use at the annual meeting of stockholders to be held on Thursday, May 14, 2009 at 9:00 a.m. local time at the Westlake Center Annex, 2801 Post Oak Blvd., Houston, Texas 77056, and any adjournment of the annual meeting.

The following matters will be acted upon at the annual meeting:

(1) To elect two members of the Board of Directors for the terms described herein;

(2) To ratify the appointment of PricewaterhouseCoopers LLP to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2009; and

(3) To act upon any other matters that may properly come before the annual meeting.

Our Board of Directors does not know of any other business to be brought before the annual meeting, but if any other business is properly brought before the annual meeting, proxies will be voted upon those matters in accordance with the judgment of the person or persons acting under the proxies.

The accompanying Notice of Annual Meeting of Stockholders, this Proxy Statement and the form of proxy are being first sent to stockholders on or about April 10, 2009.

All shares represented by proxies received will be voted in accordance with instructions contained in the proxies. The Board of Directors unanimously recommends a vote:

(1) FOR the nominees for director listed in these materials and on the proxy; and

(2) FOR the ratification of the appointment of the Company s independent registered public accounting firm.

In the absence of voting instructions to the contrary, shares represented by validly executed proxies will be voted in accordance with the foregoing recommendations. A stockholder giving a proxy has the power to revoke it at any time before it is voted by providing written notice to the Secretary of the Company, by delivering a later-dated proxy, or by voting in person at the annual meeting.

Only stockholders of record at the close of business on March 30, 2009, also referred to as the record date, will be entitled to vote at the annual meeting. At the close of business on the record date, there were 65,924,043 shares of common stock, par value $0.01 per share, outstanding, which represent all of the voting securities of the Company. Each share of common stock is entitled to one vote. Stockholders do not have cumulative voting rights in the election of directors.

A majority of the common stock entitled to vote at the annual meeting, present either in person or by proxy, will constitute a quorum. Abstentions and broker non-votes will be counted as present for purposes of determining whether there is a quorum present at the meeting. Shares held by a broker or other nominee as to which they have not received voting instructions from the beneficial owners and lack the discretionary authority

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to vote on a particular matter are called broker non-votes. Directors are elected by a plurality of the votes cast. Abstentions will not be included in the total of votes cast and will not affect the outcome of the vote. The affirmative vote of a majority of the votes cast at the annual meeting, either in person or by proxy, is required for the approval of the proposal to ratify the appointment of PricewaterhouseCoopers LLP. Abstentions on the proposal to ratify the appointment of PricewaterhouseCoopers LLP will be counted as a vote against the proposal.

In addition to mailing this material to the stockholders, the Company has asked banks and brokers to forward copies to persons for whom they hold common stock of the Company and request authority for execution of the proxies. The Company will reimburse the banks and brokers for their reasonable out-of-pocket expenses in doing so. Officers and employees of the Company may, without being additionally compensated, solicit proxies by mail, telephone, facsimile or personal contact. All proxy-soliciting expenses will be paid by the Company in connection with the solicitation of votes for the annual meeting. The Company has engaged American Stock Transfer & Trust Company to tabulate voting results.

INFORMATION REGARDING BOARD OF DIRECTORS

INDEPENDENCE OF DIRECTORS

As of the date of this Proxy Statement, TTWF LP, our principal stockholder, owns 69.8% of the outstanding common stock of the Company. Under the corporate governance rules of the New York Stock Exchange, we are considered to be controlled by TTWF LP. As a controlled company, we are eligible for exemptions from provisions of these rules requiring a majority of independent directors, nominating and governance and compensation committees composed entirely of independent directors and written nominating and governance and compensation committee charters addressing specified matters. We have elected to take advantage of certain of these exemptions. In the event that we cease to be a controlled company within the meaning of these rules, we will be required to comply with these provisions after the specified transition periods.

Our Board of Directors has determined, after considering all of the relevant facts and circumstances, that Messrs. E. William Barnett, Robert T. Blakely, Max L. Lukens and H. John Riley, Jr. are independent from our management, as independence is defined by the rules and regulations of the Securities & Exchange Commission (SEC) and the listing standards of the New York Stock Exchange. This means that none of these directors has any direct or indirect material relationship with us, either directly or as a partner, stockholder or officer of an organization that has a relationship with us and that none of the express disqualifications contained in the New York Stock Exchange rules applies to any of them.

EXECUTIVE SESSIONS

The Company s governance guidelines require that non-management directors meet at regularly scheduled executive sessions without management. At these meetings of non-management directors, the non-management directors have decided that the non-management director that presides over the meeting will rotate among the non-management directors.

Since one of the non-management directors is not independent, the Company s governance guidelines require that the independent directors meet at least once a year. At these meetings of independent directors, the independent directors have decided that the independent director that presides over the meeting will rotate among the independent directors.

Stockholders and other interested parties may communicate with these directors in the manner described under Communications with Directors below.

COMMITTEES OF THE BOARD OF DIRECTORS

The Audit Committee

The Audit Committee of the Board of Directors is comprised of Robert T. Blakely (chairman), E. William Barnett, Max L. Lukens and H. John Riley, Jr. All current Audit Committee members are independent as defined by the listing standards of the New York Stock Exchange and Section 10A(m)(3) of the Securities Exchange Act of 1934. The board has determined that each of Messrs. Blakely, Lukens and Riley is an audit committee financial expert as that term is defined by SEC regulations. The primary functions of the Audit Committee are to review the adequacy of the system of internal controls and management information systems, to review the results of our independent registered public accounting firm s quarterly reviews of our interim financial statements, and to review the planning and results of the annual audit with our independent registered public accounting firm. This Committee held seven meetings in 2008. The Board of Directors has adopted a written charter for the Audit Committee. The Audit Committee charter is publicly available on our Web site at: *http://www.westlake.com* under Investor Relations Corporate Governance.

The Compensation Committee

The Compensation Committee of the Board of Directors is comprised of Albert Chao, Dorothy C. Jenkins, Max L. Lukens (chairman) and H. John Riley, Jr. Since Westlake is considered to be controlled by the principal stockholder under New York Stock Exchange rules, all Compensation Committee members are not required to be independent as defined by the listing standards of the New York Stock Exchange. Albert Chao and Dorothy C. Jenkins are not independent as defined by those listing standards. The Compensation Committee s primary functions include overseeing our executive compensation, director compensation and equity and performance incentive compensation plans and policies. This Committee held five meetings in 2008. The Compensation Committee has adopted a written charter. The Compensation Committee charter is publicly available on our Web site at: *http://www.westlake.com* under Investor Relations Corporate Governance.

The Nominating and Governance Committee

The Nominating and Governance Committee is comprised of E. William Barnett (chairman), Albert Chao, James Chao and Robert T. Blakely. Since Westlake is considered to be controlled by the principal stockholder under New York Stock Exchange rules, all Nominating and Governance Committee members are not required to be independent as defined by the listing standards of the New York Stock Exchange. Albert Chao and James Chao are not independent as defined by those listing standards. The Nominating and Governance Committee s primary functions are (1) to identify individuals qualified to become directors of the Company, (2) to recommend to the Board of Directors director candidates to fill vacancies on the Board of Directors and to stand for election by the stockholders at the annual meeting of stockholders, (3) to recommend committee assignments for directors, (4) to monitor and annually assess the performance of the Board of Directors and its committees, and (5) to develop and recommend to the Board of Directors appropriate corporate governance policies, practices and procedures for the Company. In assessing the qualifications of prospective nominees to serve as directors, the committee will consider, in addition to any criteria set forth in the Bylaws of the Company, each nominee s personal and professional integrity, experience, skills, ability and willingness to devote the time and effort necessary to be an effective director, and commitment to acting in the best interests of the Company and its stockholders. This Committee held four meetings in 2008. The Nominating and Governance Committee has the authority to retain an executive search firm as needed to identify director candidates. The Nominating and Governance Committee has adopted a written charter. The charter is publicly available on our Web site at: *http://www.westlake.com* under Investor Relations Corporate Governance.

The Nominating and Governance Committee will consider nominees recommended by stockholders. Any recommendation should be addressed in writing to the Nominating and Governance Committee, Westlake Chemical Corporation, c/o Corporate Secretary, 2801 Post Oak Blvd., Houston, Texas 77056. Recommendations for potential nominees may come from any source, including members of the Board of Directors, stockholders, self-recommendations or search firms. All persons recommended for a vacant or new Board position will be given equal consideration regardless of the source of the recommendation.

CORPORATE GOVERNANCE

We have a Code of Ethics that applies to our principal executive officer, principal financial officer and principal accounting officer, a Code of Conduct that applies to all directors, officers and employees and Principles of Corporate Governance. You can find the above-referenced documents by visiting our Web site: *http://www.westlake.com* under Investor Relations Corporate Governance. We will post on our Web site any amendments to such documents as well as any waivers that are required to be disclosed by the rules of either the SEC or the New York Stock Exchange.

You may also obtain a printed copy of the material mentioned above and the charters of our Board committees by contacting us at the following address:

Westlake Chemical Corporation

Attn: Investor Relations

2801 Post Oak Boulevard

Houston, Texas 77056-6105

(713) 960-9111

COMMUNICATIONS WITH DIRECTORS

Any interested party is welcome to communicate with any one or all of our directors by writing to the director or directors, Westlake Chemical Corporation, c/o Corporate Secretary, 2801 Post Oak Blvd., Houston, Texas 77056. The Corporate Secretary will forward these communications to the addressee. If any interested party would like to communicate with the non-management directors as a group, the interested party should address such communication as follows: Non-management Directors, c/o Corporate Secretary, Westlake Chemical Corporation, 2801 Post Oak Blvd., Houston, Texas 77056. Upon receipt, Westlake s Corporate Secretary will forward the communication, unopened, to one of the non-management and independent directors. The non-management director will, upon review of the communication, make a determination as to whether it should be brought to the attention of the other non-management directors and whether any response should be made to the person sending the communication, unless the communication was made anonymously.

MEETING ATTENDANCE

The Board of Directors held six meetings in 2008. The Board of Directors also acts by unanimous consent from time to time. During 2008, all of our directors attended at least 75% of the total number of meetings of the Board of Directors and any committee on which he or she served during the periods that he or she served. Westlake encourages its directors to attend the annual meeting of stockholders. Seven directors attended our annual meeting of stockholders in 2008.

COMPENSATION OF DIRECTORS

Directors who are also full-time officers or employees of Westlake or affiliates of our principal stockholder receive no additional compensation for serving as directors. All other directors receive an annual retainer of $65,000. The Audit Committee chairman receives an additional annual retainer of $13,500, the Compensation Committee chairman receives an additional annual retainer of $9,000, and the Nominating and Governance Committee chairman receives an additional annual retainer of $7,500.

Under the 2004 Omnibus Incentive Plan (the 2004 Plan), the Board of Directors, effective August 15, 2008, authorized the issuance of 1,609 shares of restricted stock to each outside director. The shares of restricted stock will vest in three equal installments on August 15, 2009, 2010 and 2011, subject to the grantee s continuous position as a director of Westlake. In addition, effective August 15, 2008, the outside directors each received options to purchase 3,826 shares of common stock with an exercise price of $20.825. These options vest in four equal installments on August 15, 2009, 2010, 2011 and 2012, subject to the grantee s continued position as a director of Westlake.

The following table sets forth a summary of the compensation we paid to our non-employee directors in 2008:

Name	Fees Earned or Paid in Cash ($)	Stock Awards(1) ($)	Option Awards(2) ($)	All Other Compensation(3) ($)	Total ($)
E. William Barnett	$ 65,000	$ 20,854(4)	$ 12,403(5)	$ 410	$ 98,667
Robert T. Blakely	$ 70,250	$ 25,578(6)	$ 12,403(7)	$ 450	$ 108,681
Dorothy C. Jenkins	$ 57,500	$ 25,578(8)	$ 12,403(9)	$ 450	$ 95,931
Max L. Lukens	$ 65,375	$ 25,578(10)	$ 12,403(11)	$ 450	$ 103,806
H. John Riley, Jr.	$ 57,500	$ 4,188(12)	$ 3,217(13)	$ 169	$ 65,074

(1) These amounts represent the compensation cost recognized by us in 2008 related to restricted stock awards to our directors, calculated in accordance with Statement of Financial Accounting Standards No. 123(R). For a discussion of the related valuation assumptions, please see Note 9 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008.

(2) These amounts represent the compensation cost recognized by us in 2008 related to stock option awards to our directors, calculated in accordance with Statement of Financial Accounting Standards No. 123(R). For a discussion of the related valuation assumptions, please see Note 9 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008.

(3) All other compensation amounts represent dividend payments with respect to shares of restricted stock that were paid to the directors before the vesting of the shares.

(4) Mr. Barnett was granted 1,609 shares of restricted stock in 2008 with a grant date fair value, calculated in accordance with Statement of Financial Accounting Standards No. 123(R), of $33,507. As of December 31, 2008, Mr. Barnett had 2,501 shares of unvested restricted stock.

(5) Mr. Barnett was granted stock options to purchase 3,826 shares of common stock in 2008 with a grant date fair value, calculated in accordance with Statement of Financial Accounting Standards No. 123(R), of $34,319. As of December 31, 2008, Mr. Barnett had outstanding options to purchase 7,091 shares of common stock.

(6) Mr. Blakely was granted 1,609 shares of restricted stock in 2008 with a grant date fair value, calculated in accordance with Statement of Financial Accounting Standards No. 123(R), of $33,507. As of December 31, 2008, Mr. Blakely had 2,501 shares of unvested restricted stock.

(7) Mr. Blakely was granted stock options to purchase 3,826 shares of common stock in 2008 with a grant date fair value, calculated in accordance with Statement of Financial Accounting Standards No. 123(R), of $34,319. As of December 31, 2008, Mr. Blakely had outstanding options to purchase 9,850 shares of common stock.

(8) Ms. Jenkins was granted 1,609 shares of restricted stock in 2008 with a grant date fair value, calculated in accordance with Statement of Financial Accounting Standards No. 123(R), of $33,507. As of December 31, 2008, Ms. Jenkins had 2,501 shares of unvested restricted stock.

(9) Ms. Jenkins was granted stock options to purchase 3,826 shares of common stock in 2008 with a grant date fair value, calculated in accordance with Statement of Financial Accounting Standards No. 123(R), of $34,319. As of December 31, 2008, Ms. Jenkins had outstanding options to purchase 9,850 shares of common stock.

(10) Mr. Lukens was granted 1,609 shares of restricted stock in 2008 with a grant date fair value, calculated in accordance with Statement of Financial Accounting Standards No. 123(R), of $33,507. As of December 31, 2008, Mr. Lukens had 2,501 shares of unvested restricted stock.

(11) Mr. Lukens was granted stock options to purchase 3,826 shares of common stock in 2008 with a grant date fair value, calculated in accordance with Statement of Financial Accounting Standards No. 123(R), of $34,319. As of December 31, 2008, Mr. Lukens had outstanding options to purchase 9,850 shares of common stock.

(12) Mr. Riley was granted 1,609 shares of restricted stock in 2008 with a grant date fair value, calculated in accordance with Statement of Financial Accounting Standards No. 123(R), of $33,507. As of December 31, 2008, Mr. Riley had 1,609 shares of unvested restricted stock.

(13) Mr. Riley was granted stock options to purchase 3,826 shares of common stock in 2008 with a grant date fair value, calculated in accordance with Statement of Financial Accounting Standards No. 123(R), of $34,319. As of December 31, 2008, Mr. Riley had outstanding options to purchase 3,826 shares of common stock.

We expect that the cash retainer for our independent directors will remain the same in 2009.

PROPOSAL 1 ELECTION OF CLASS II DIRECTORS

Our Amended and Restated Certificate of Incorporation provides that the Board of Directors be divided into three classes, each consisting, as nearly as possible, of one-third of the total number of directors constituting the Board of Directors, with each class to serve for a term of three years. The following nominees, each of whom is an incumbent Class II director and was nominated by our Nominating and Governance Committee, are proposed for election in Class II, to serve until the annual meeting of stockholders in 2012, or until their successors are elected and qualified:

James Chao

H. John Riley, Jr.

Unless instructed otherwise, the proxies will be voted for the election of the two nominees named above. If any nominee is unable to serve, proxies may be voted for a substitute nominee selected by the Board of Directors, although management is not aware of any circumstance likely to render any of the named nominees unavailable for election.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF THESE NOMINEES AS CLASS II DIRECTORS.

NOMINEES FOR ELECTION AS CLASS II DIRECTORS

Class II Directors Serving Until 2012

James Chao (age 61). Mr. Chao has been our Chairman of the Board since July 2004 and became a director in June 2003. From May 1996 to July 2004, he served as our Vice Chairman of the Board. Mr. Chao also has responsibility for the oversight of our Vinyls business. Mr. Chao has over 35 years of international experience in the chemical industry. In June 2003, he was named Chairman of Titan Chemicals Corp. Bhd and previously served as Titan s Managing Director. 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 and served as Westlake s first president from 1985 to 1996. Mr. Chao received his Bachelor of Science degree from Massachusetts Institute of Technology and an M.B.A. from Columbia University.

H. John Riley, Jr. (age 68). Mr. Riley was appointed as one of our directors on November 30, 2007. Mr. Riley served as Chairman of the Board of Directors of Cooper Industries, Ltd., from May 1996 until February 2006 and served as its Chief Executive Officer from September 1995 to May 2005. He was President of

Cooper Industries, Ltd. from 1992 to 2004, its Chief Operating Officer from 1992 to 1995 and its Executive Vice President, Operations from 1982 to 1992. He was associated with Cooper Industries, Ltd. for more than 40 years. In addition, he currently serves as a director of Baker Hughes Incorporated, Allstate Corporation and Post Oak Bank, N.A. He is a trustee of the Museum of Fine Arts in Houston and a trustee of Syracuse University. Mr. Riley holds a B.S. in Industrial Engineering from Syracuse University. He also completed the Harvard University Advanced Management Program.

OTHER DIRECTORS

Class III Directors Serving Until 2010

E. William Barnett (age 76). Mr. Barnett has been a director since June 2006. Mr. Barnett has served for over four decades as an attorney specializing in commercial and antitrust law with Baker Botts L.L.P., from which he retired in 2004. He served as Managing Partner of the law firm from 1984 to 1998. Mr. Barnett has extensive public company and community-based board experience. He is currently a director of Reliant Energy, Inc. and Enterprise Products GP LLC. He is a member of the Audit Committee for both of these companies. Additionally, he is a former Chairman of the Board of Trustees of Rice University. Currently, he is Chairman of the Baker Institute Advisory Board at Rice University, director of the Greater Houston Partnership, and past Chairman and current director of the Houston Zoo, Inc. He is also a director of the Center for Houston s Future and St. Luke s Episcopal Health Systems, on the Advisory Board of the Methodist Hospital Center for Performing Arts Medicine and a Life Trustee of the University of Texas Law School Foundation. Mr. Barnett holds a B.A. from Rice University and LL.B. from the University of Texas-Austin.

Robert T. Blakely (age 67). Mr. Blakely has been a director since August 2004. Mr. Blakely served as Chief Financial Officer of the Federal National Mortgage Association (Fannie Mae) from January 2006 until August 2007. He served as Fannie Mae s Executive Vice President from January 2006 until January 2008. His prior positions include: Executive Vice President and Chief Financial Officer of MCI, Inc. from April 2003 to January 2006; President of Performance Enhancement Group, Ltd. from July 2002 to April 2003; Executive Vice President and Chief Financial Officer of Lyondell Chemical Company from November 1999 to June 2002; Executive Vice President of Tenneco Inc. from 1996 to November 1999 and Chief Financial Officer from 1981 to November 1999; and Managing Director of Morgan Stanley & Co. from 1980 to 1981 and an employee from 1970. He currently serves on the Board of Directors of Natural Resource Partners L.P. and is a trustee of Cornell University. He has been a Trustee of the Financial Accounting Federation since January 2007. In addition, Mr. Blakely was a Member of the Financial Accounting Standards Advisory Council from 1999 to 2003. He holds a B.M.E. degree in mechanical engineering and a M.B.A. in business administration from Cornell University and a Ph.D. from the Massachusetts Institute of Technology.

Albert Chao (age 59). 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 30 years of international experience in the chemical industry. In 1985, Mr. Chao assisted his father T.T. Chao and his brother James Chao in founding Westlake, where he served as Executive Vice President until he succeeded James Chao as President. 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. He is also a director of Titan Chemicals Corp. Bhd. Mr. Chao is a trustee emeritus of Rice University. Mr. Chao received a bachelor s degree from Brandeis University and an M.B.A. from Columbia University.

Class I Directors Serving Until 2011

Dorothy C. Jenkins (age 63). Ms. Jenkins has been a director since June 2003. For the past five years, Ms. Jenkins has managed her personal investments. She is also a member of the board of various civic and charitable organizations including Wellesley College and The Bok Tower Foundation. Ms. Jenkins is the sister of

James Chao and Albert Chao. She is a graduate of Wellesley College and holds a B.S. in Mathematics with additional graduate studies in Mathematics at the University of South Florida.

Max L. Lukens (age 60). Mr. Lukens has been a director since August 2004. Since May 2006, Mr. Lukens has managed his personal investments. Mr. Lukens served as President and Chief Executive Officer of Stewart & Stevenson Services, Inc. until May 2006 and prior to that served as its Chairman of the Board from December 2002 to March 2004, and Interim Chief Executive Officer and President, from September 2003 to March 2004. He was also previously employed by Baker Hughes Incorporated from 1981 to January 2000, where he served as Baker Hughes Chairman of the Board, President and Chief Executive Officer from 1997 to January 2000. In addition, he currently serves on the Board of Directors and the Audit Committee of NCI Building Systems, Inc. He is the treasurer of The Children s Museum of Houston. Mr. Lukens was a Certified Public Accountant with Deloitte Haskins & Sells for 10 years and received both his B.S. and M.B.A. degrees from Miami University of Ohio.

SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT

The following table lists information about the number of shares of common stock beneficially owned by each director, each named executive officer listed in the summary compensation table included later in this Proxy Statement, and all of our directors and executive officers as a group. Shares of stock are beneficially owned by a person if the person directly or indirectly has or shares the power to vote or dispose of the shares, regardless of whether the person has any economic interest in the shares. A person also beneficially owns shares as to which the person has the right to acquire beneficial ownership within 60 days.

All information in the table is as of March 30, 2009 and is based upon information supplied by the directors and officers. Unless otherwise indicated in the footnotes and subject to community property laws where applicable, each of the stockholders named in the table has sole voting and investment power with respect to the shares indicated as beneficially owned.

	Amount and Nature of Beneficial Ownership of Common Stock(1)		
Directors and Named Executive Officers	**Direct(2)**	**Other**	**Percent of Class**
E. William Barnett	4,514	0	*
Robert T. Blakely	8,054	0	*
M. Steven Bender	41,188	0	*
Albert Chao	201,633	46,005,277(3)(4)	70.1%
James Chao	171,505	46,005,277(4)(5)	70.1%
Dorothy C. Jenkins	13,054	46,005,277(4)	69.8%
Max L. Lukens	8,054	0	*
George J. Mangieri	37,180	0	*
Wayne D. Morse	35,525	0	*
H. John Riley, Jr.	1,609	0	*
All directors and executive officers as a group (15 persons, including those listed above)	662,899	46,005,277	70.8%

* Less than 1% of the outstanding shares of common stock.

(1) None of the shares beneficially owned by our directors or officers are pledged as security.

(2) The amounts include shares of common stock that may be acquired within 60 days from March 30, 2009 through the exercise of options held by Mr. Barnett (1,152), Mr. Blakely (3,911), Mr. Bender (6,994), Mr. Albert Chao (98,562), Mr. James Chao (74,642), Ms. Jenkins (3,911), Mr. Lukens (3,911), Mr. Mangieri (10,056), Mr. Morse (10,543), and all directors and executive officers as a group (254,711). The amounts also include unvested shares of restricted stock held by Mr. Barnett (2,501), Mr. Blakely (2,501), Mr. Bender (32,673), Mr. Albert Chao (93,010), Mr. James Chao (68,589), Ms. Jenkins (2,501), Mr. Lukens (2,501), Mr. Mangieri (26,137), Mr. Morse (24,696), Mr. Riley (1,609), and all directors and executive officers as a group (349,500), over which such persons have sole voting power but no dispositive power.

(3) Does not include common stock of the Company owned directly by James Chao and 20,000 shares of common stock owned by Albert Chao s mother. Albert Chao shares a household with his mother and James Chao, but he disclaims beneficial ownership of these shares.

(4) Two trusts for the benefit of members of the Chao family, including James Chao, Dorothy Jenkins and Albert Chao, are the managers of TTWFGP LLC, a Delaware limited liability company, which is the general partner of TTWF LP. The limited partners of TTWF LP are five trusts principally for the benefit of members of the Chao family, including James Chao, Dorothy Jenkins and Albert Chao and two corporations owned, indirectly or directly, by certain of these trusts and by other entities owned by members of the Chao family, including James Chao, Dorothy Jenkins and Albert Chao. James Chao, Dorothy Jenkins, Albert Chao, TTWF LP and TTWFGP LLC share voting and dispositive power with respect to the shares of our common stock beneficially owned by TTWF LP. James Chao, Dorothy Jenkins and Albert Chao disclaim

beneficial ownership of the 46,005,277 shares held by TTWF LP except to the extent of their respective pecuniary interest therein.

(5) Does not include common stock of the Company owned directly by Albert Chao and 20,000 shares of common stock owned by James Chao s mother. James Chao shares a household with his mother and Albert Chao, but he disclaims beneficial ownership of these shares.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth each person known to Westlake who is the beneficial owner of 5% or more of the outstanding shares of our common stock.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
TTWF LP (1) 2801 Post Oak Boulevard Houston, Texas 77056	46,005,277	70.1%
Royce & Associates, LLC (2) 1414 Avenue of the Americas New York, NY 10019	4,053,182	6.2%
Franklin Resources, Inc. (3) One Franklin Parkway San Mateo, CA 94403-1906	4,550,900	6.9%
Dimensional Fund Advisors LP (4) Palisades West, Building One 6300 Bee Cave Road Austin, Texas 78746	3,497,377	5.3%
Third Avenue Management LLC (5) 622 Third Avenue, 32nd Floor New York, NY 10017	4,119,023	6.3%

(1) Two trusts for the benefit of members of the Chao family, including James Chao, Dorothy Jenkins and Albert Chao, are the managers of TTWFGP LLC, a Delaware limited liability company, which is the general partner of TTWF LP. The limited partners of TTWF LP are five trusts principally for the benefit of members of the Chao family, including James Chao, Dorothy Jenkins and Albert Chao and two corporations owned, indirectly or directly, by certain of these trusts and by other entities owned by members of the Chao family, including James Chao, Dorothy Jenkins and Albert Chao. TTWF LP and TTWFGP LLC each have shared voting power and shared dispositive power over 46,005,277 shares. As of March 30, 2009, James Chao had sole voting power and sole dispositive power over 102,916 shares, sole voting and no dispositive power over 68,598 shares, and shared voting power and shared dispositive power over 46,005,277 shares. Dorothy C. Jenkins had sole voting power and sole dispositive power over 13,054 shares, sole voting power and no dispositive power over 2,501 shares, and shared voting power and shared dispositive power over 46,005,277 shares. Albert Chao had sole voting power and sole dispositive power over 108,623 shares, sole voting and no dispositive power over 93,010 shares, and shared voting power and shared dispositive power over 46,005,277 shares. James Chao, Dorothy C. Jenkins and Albert Chao disclaim beneficial ownership of the 46,005,277 shares held by TTWF LP except to the extent of their respective pecuniary interest therein.

(2) Based on a Schedule 13G/A filed with the SEC on January 30, 2009. According to the filing, Royce & Associates, LLC, an investment adviser, has sole voting power and sole dispositive power over 4,053,182 shares and shared voting power and shared dispositive power over no shares.

(3) Based on a Schedule 13G/A filed with the SEC on February 9, 2009. According to the filing by Franklin Resources, Inc. and its affiliates, Franklin Advisory Services, LLC, an investment adviser, has sole voting power over 4,455,600 shares, shared voting power over no

shares, sole dispositive power over 4,450,900 shares and shared dispositive power over no shares, and Charles B. Johnson and Rupert H. Johnson Jr. each owns in excess of 10% of the outstanding common stock of Franklin Resources, Inc. (FRI) and are the principal stockholders of FRI and may be deemed the beneficial owners of the shares over which Franklin Advisory Services LLC has voting and dispositive power. The address of Franklin Advisory Services LLC is One Parker Plaza, Ninth Floor, Fort Lee NJ 07024-2938.

(4) Based on a Schedule 13G filed with the SEC on February 9, 2009. According to the filing, Dimensional Fund Advisors LP, an investment adviser, has sole voting power over 3,392,550 shares, shared voting power over no shares, and has sole dispositive power over 3,497,377 shares and shared dispositive power over no shares.

(5) Based on a Schedule 13G filed with the SEC on February 13, 2009. According to the filing, Third Avenue Management LLC has sole voting power and sole dispositive power over 4,119,023 shares and shared voting power and dispositive power over no shares.

COMPENSATION DISCUSSION AND ANALYSIS

A discussion and analysis of the Company s executive compensation philosophy, objectives and underlying program is presented below. This discussion includes a review of the following:

- Compensation Committee Oversight
- External Advisors
- The Deliberative Process
- Compensation Philosophy and Program Objectives
- Elements of the Program; Internal Pay Equity
- Executive Performance
- Post-Employment Programs
- Employment Agreements and Change-in-Control and Severance Arrangements
- Deferred Compensation Programs

Compensation Committee Oversight

The Board of Directors has established a Compensation Committee (the Committee) to review and provide oversight of the compensation programs of the Company and the compensation of the Principal Executive Officer (the PEO), the other officers named in the Summary Compensation Table (together with the PEO, the Named Executive Officers or the NEOs) and other employees designated as executive officers of the Company (collectively, the Executives).

Since Westlake is considered to be controlled by its principal stockholder under New York Stock Exchange rules, all Committee members are not required to be independent as defined by the listing standards of the New York Stock Exchange. The Committee is currently composed of two independent board members, one of whom serves as the Committee s chair, and two non-independent members of the Board, one of whom is the PEO and the other of whom is the sister of the PEO and the Chairman of the Board.

The Committee operates under the provisions of a charter and meets periodically throughout the year. The Committee s duties include the following:

reviewing and approving the corporate goals and objectives relevant to the PEO s compensation annually, evaluating the PEO s performance in light of the goals and objectives and determining the PEO s compensation level based upon the performance evaluation and other relevant factors;

reviewing and approving the PEO s assessment of, and compensation recommendations for, the NEOs and other Executives;

administering and making recommendations to the Board with respect to the design of the Company s incentive compensation plans, equity-based plans and other compensation and benefit plans and the issuance of stock and other awards under these plans;

reviewing and making recommendations to the Board with respect to the fees and other compensation received by directors and board committee members;

reviewing matters related to the succession plan for the PEO and other Executives of the Company;

reviewing and approving employment agreements for Executives and change-in-control protection offered to non-Executive employees of the Company; and

producing a compensation committee report to be included in the annual proxy statement of the Company as required by applicable rules and regulations.

External Advisors

To assist the Committee in respect of its oversight responsibilities, the Committee periodically utilizes the services of independent third-party compensation consultants to conduct compensation surveys and determine compensation trends, analyze and assess the Company s compensation systems and programs, review current legal, accounting and administrative matters associated with executive compensation and offer opinions as to the effectiveness and competitiveness of the program. In this regard, beginning in 2005 and continuing to the present, the Committee has engaged the services of Towers Perrin as its compensation consultant to advise the Committee on executive compensation matters. Towers Perrin assists the Committee by providing comparative market data on compensation programs and practices of peer competitors, the broader-based chemical industry and the general industry. In addition, Towers Perrin also assists the Company with general compensation consultation regarding employees other than the NEOs.

The Deliberative Process

In establishing target executive compensation, the Committee has selected a set of peer group companies (the Peer Group) that is used as one of the means in helping to establish executive compensation targets. The companies that comprise the Peer Group are selected annually from among companies within the chemical industry of relative comparable size to Westlake, with executive positions of similar scope and responsibility and from among companies with which Westlake may compete for executive talent. The following companies make up the Peer Group used by the Committee in 2008: Albemarle Corporation, Cabot Corporation, Celanese AG, Chemtura Corporation, Cytec Industries Inc., Eastman Chemical Company, FMC Corporation, Georgia Gulf Corporation, Hercules Incorporated, Huntsman Corporation, Kronos Worldwide, Inc., The Lubrizol Corporation, Nalco Holding Company, Nova Chemicals Corp., Olin Corporation, PolyOne Corporation, Rockwood Holdings, Inc., Solutia Inc. and W.R. Grace & Co. Among the Peer Group, Westlake is approximately at the median of the group in revenue and market capitalization data. The Committee may add or replace companies in the Peer Group each year to reflect changes in the size and or business profile of the companies to help ensure that companies more comparable in size and business profile to the Company are included.

In addition to referring to the Peer Group, each year Towers Perrin utilizes survey data from proprietary general industry and chemical industry databases that compares the compensation of executives in similar positions to the NEOs (the Market Survey). This Market Survey is used in conjunction with the Peer Group data (collectively, the Reference Points) to help validate the market findings and more specifically establish market compensation rates for positions for which there are limited Peer Group data and/or for positions that are not industry-specific and for which the Company would need to recruit on a broader basis (for instance, Chief Financial Officer). Finally, in establishing the target executive compensation, the Committee takes a total compensation view to include base pay, cash bonuses and long-term incentive and equity awards, so that as long as the composite total compensation of an NEO is competitive with the Reference Points, individual components may fall below or above the median of the Reference Points. In conducting its surveys for the Reference Points, Towers Perrin reports directly to the Committee on each component and on a composite total compensation basis.

The Committee meets annually in February to specifically address the compensation of the PEO, other NEOs and other Executives. During this meeting, the Committee reviews the achievement of the Company s goals and objectives, including the Company s performance relative to its competitors within the commodity chemical industry, including those direct competitors within the Peer Group, and the Committee reviews the Reference Points as well as individual performance factors established by Committee for the PEO and the factors established by the PEO in setting and approving the other NEO s compensation. During this deliberation, the PEO is excused from the meeting to allow the other members of the Committee to deliberate independently regarding the PEO s compensation. The PEO then presents his recommendations to the Committee regarding the compensation to be provided to the other NEOs and other Executives. The PEO and the Committee, after considering data from the Reference Points and individual performance factors, set the compensation for these Executives.

Compensation Philosophy and Program Objectives

The Company has designed and maintains a comprehensive executive compensation program as a means of:

- attracting, rewarding and retaining top executive talent in support of the Company s vision, mission and objectives;
- maintaining market competitiveness with the Company s peer group compensation programs and practices;
- encouraging and rewarding the achievement of specific individual, business segment and corporate goals and objectives;
- placing a significant portion of total compensation at risk through variable pay components, including upside potential where targeted objectives are exceeded, to promote management action to create added value;
- aligning management interests with the interests of the stockholders and providing return to the stockholders above the invested cost of capital through the use of Economic Value Added (EVA); and
- balancing short-term objectives with long-term strategic initiatives and thinking through the design of both short-term and long-term pay programs.

Elements of The Program; Internal Pay Equity

The Company s executive compensation program contains a combination of both short-term and long-term elements designed to reward and encourage near-term goal accomplishment as well as to reward and encourage long-term strategic thinking and actions that benefit the Company and its stockholders. These combined elements, in tandem with employee benefits and a limited number of perquisites, form the basis of Westlake s total compensation system. These elements have been chosen as the compensation components designed to allow the Company to adhere to the above stated compensation philosophy and program objectives which include remaining market competitive with its peers in the chemical industry and the broader market for executive talent. Each element has been allocated in the total compensation package in an attempt to find a balance between short-term and long-term rewards as well as cash and non-cash forms of payment. Further, the total compensation program seeks to place a significant amount of pay at risk through the use of variable pay elements. The Committee has determined that based on the Reference Points and their broad corporate-wide responsibilities, the PEO and the Chairman, as compared with other NEOs, should receive a higher portion of their total compensation from at risk components given their ability to influence Company performance and