

of this required presentation, has deemed its directors and executive officers and those of its affiliates to be affiliates.

As of February 21, 2020, the registrant had 35,194,545 common units and no subordinated units outstanding.

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Explanatory Note

Unless otherwise indicated, references in this Annual Report on Form 10-K (this "report") to "we," "our," "us" or like terms refer to Westlake Chemical Partners LP ("Westlake Chemical Partners LP" or the "Partnership"), Westlake Chemical OpCo LP ("OpCo") and Westlake Chemical OpCo GP LLC ("OpCo GP"). References to "Westlake" refer to Westlake Chemical Corporation and its consolidated subsidiaries other than the Partnership, OpCo GP and OpCo. Unless the context otherwise requires, references to our "board of directors" or our "directors" refer to the board of directors of our general partner and such board's directors, respectively.

Cautionary Statement Regarding Forward-Looking Statements

Certain of the statements contained in this report are forward-looking statements. All statements, other than statements of historical facts, included in this report 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," "expects," "will" 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:

- the amount of ethane that we are able to process, which could be adversely affected by, among other things, operating difficulties;
- the volume of ethylene that we are able to sell;
- the price at which we are able to sell ethylene;
- industry market outlook, including prices and margins in third-party ethylene and co-products sales;
- the parties to whom we will sell ethylene and on what basis;
- volumes of ethylene that Westlake may purchase, in addition to the minimum commitment under the Ethylene Sales Agreement;
- timing, funding and results of capital expenditures;
- our quarterly distributions and the manner of making such distributions;
- our ability to meet our liquidity needs;
- the Partnership's At-the-Market program and the use of any net proceeds from any sales under that program;
- potential loans from Westlake to OpCo to fund OpCo's expansion capital expenditures in the future;
- expected mitigation of exposure to commodity price fluctuations;
- turnaround activities and the variability of OpCo's cash flow;
- 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 greenhouse gas emissions or to address other issues of climate change; and
- effects of pending legal proceedings.

We have based these statements on assumptions and analysis 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. These statements are subject to a number of assumptions, risks and uncertainties, including those described in "Part 1. Item 1A. Risk Factors" of this report and 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 and worldwide economies, including those due to political tensions and unrest in the Middle East and elsewhere;
- current and potential governmental regulatory actions in the United States and other countries;

- 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;
- capital market conditions, including our cost of capital, and our ability to raise adequate capital to execute our business strategies;
- 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 (including regulations concerning our operations, products and the downstream applications in which our products are used);
- technological developments;
- our ability to integrate acquired businesses;
- foreign currency exchange risks;
- the adequacy of our capital resources and liquidity, including but not limited to, availability of sufficient cash flow to execute our business strategies and to pay distributions;
- our ability to implement our business strategies; and
- creditworthiness of our customers.

Many of these 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.

Industry and Market Data

Industry and market data used throughout this report were obtained through internal research, surveys and studies conducted by unrelated third parties and publicly available industry and general publications, including information from IHS Markit ("IHS"). We have not independently verified market and industry data from external sources. While we believe internal partnership 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 report represent rated capacity of the facilities at December 31, 2019. 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.

PART I

Item 1. Business

General

We are a Delaware limited partnership formed by Westlake in March 2014 to operate, acquire and develop ethylene production facilities and related assets. On August 4, 2014, we completed our initial public offering (the "IPO") of 12,937,500 common units representing limited partner interests. In connection with the IPO, we acquired an initial 10.6% interest in OpCo and a 100% interest in OpCo GP, which is the general partner of OpCo. As of December 31, 2018, we had an aggregate 18.3% limited partner interest in OpCo. On March 29, 2019, we completed a private placement of 2,940,818 common units and used the net proceeds to purchase an additional 4.5% interest in OpCo, effective January 1, 2019, resulting in us owning an aggregate 22.8% limited partner interest in OpCo.

Our business and operations are conducted through OpCo. Because we own OpCo's general partner, we have control over all of OpCo's assets and operations. As of December 31, 2019, Westlake held a 77.2% limited partner interest in OpCo and held a 40.1% limited partner interest in us (consisting of 14,122,230 common units), our general partner interest and our incentive distribution rights.

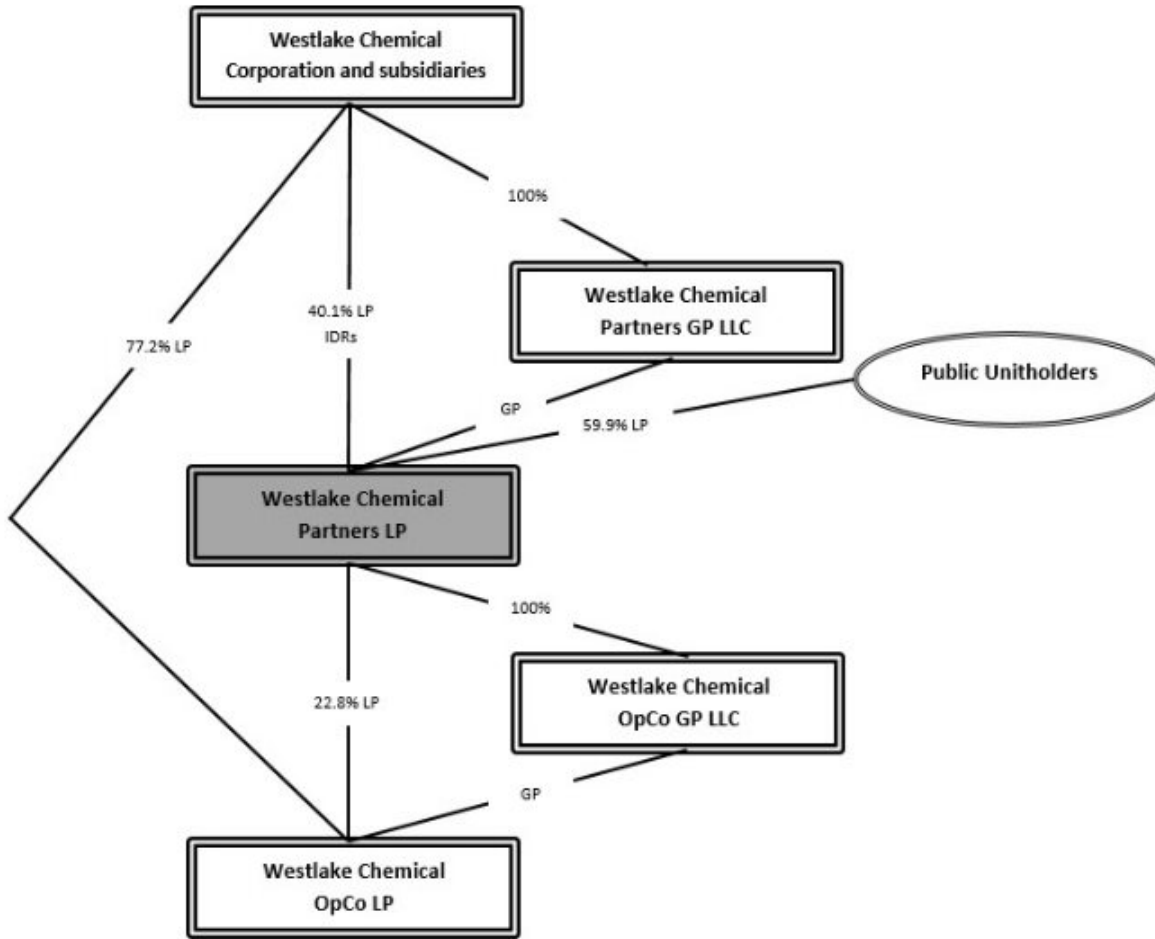
OpCo's assets are comprised of three ethylene production facilities, which primarily convert ethane into ethylene and have an aggregate annual capacity of approximately 3.7 billion pounds, and a 200-mile ethylene pipeline. OpCo derives substantially all of its revenue from these ethylene production facilities. Ethylene is the world's most widely used petrochemical in terms of volume and is a key building block used to produce a number of key derivatives, such as polyethylene ("PE") and polyvinyl chloride ("PVC"), which are used in a wide variety of end markets including packaging, construction and transportation. Westlake's downstream PE and PVC production facilities consume a substantial majority of the ethylene produced by OpCo. OpCo generates revenue primarily by selling ethylene to Westlake and others, as well as through the sale of co-products of ethylene production, including propylene, crude butadiene, pyrolysis gasoline and hydrogen. Our sole revenue generating asset is our 22.8% limited partner interest in OpCo.

Our assets and operations are organized into a single reportable segment and are all located and conducted in the United States. See "Item 8. Financial Statements and Supplementary Data" for financial information on our operations and assets; such information is incorporated herein by reference.

Among other agreements entered into in connection with the closing of the IPO, OpCo entered into a 12-year ethylene sales agreement with Westlake, under which Westlake agreed to purchase 95% of OpCo's planned ethylene production each year, on a cost-plus basis that is expected to generate a fixed margin per pound of \$0.10 (the "Ethylene Sales Agreement"). Any ethylene not sold to Westlake and all co-products that are produced by OpCo will be sold to third parties on either a spot or contract basis. OpCo also entered into a feedstock supply agreement with Westlake that supplies OpCo with ethane (and any other feedstocks) required for OpCo to produce ethylene under the Ethylene Sales Agreement (the "Feedstock Supply Agreement"). OpCo primarily uses ethane (a component of natural gas liquids, or NGLs) to produce ethylene.

Ownership of Westlake Chemical Partners LP

The following simplified diagram depicts our organizational structure as of December 31, 2019:



Public Common Units	59.9%
Interests of Westlake:	
Common Units	40.1%
Non-Economic General Partner Interest	—
Incentive Distribution Rights	— (1)
	100.0%

(1) Incentive distribution rights represent a variable interest in distributions and thus are not expressed as a fixed percentage. Distributions with respect to the incentive distribution rights are classified as distributions with respect to equity interests.

Our Assets and Operations

Our sole revenue generating asset is our 22.8% limited partner interest in OpCo. We also own the general partner interest of OpCo. OpCo owns:

- two ethylene production facilities at Westlake's Lake Charles, Louisiana site ("Petro 1" and "Petro 2," collectively referred to as "Lake Charles Olefins"), with an annual combined capacity of approximately 3.0 billion pounds;
- one ethylene production facility at Westlake's Calvert City, Kentucky site ("Calvert City Olefins"), with an annual capacity of approximately 730 million pounds; and
- a 200-mile common carrier ethylene pipeline that runs from Mont Belvieu, Texas to the Longview, Texas chemical site, which includes Westlake's Longview PE production facility (the "Longview Pipeline").

As the owner of the general partner interest of OpCo, we control all aspects of the management of OpCo, including its cash distribution policy. See "—OpCo's Assets."

OpCo's Assets***Ethylene Production Facilities.***

OpCo operates three ethylene production facilities that are situated on real property leased to OpCo by Westlake pursuant to two 50-year site lease agreements. See "Our Agreements with Westlake—Site Lease Agreements" for a description of the site leases. Ethylene can be produced from either NGL feedstocks, such as ethane, propane and butane, or from petroleum-derived feedstocks, such as naphtha. Lake Charles Olefins and Calvert City Olefins use primarily ethane as their feedstock. Calvert City Olefins can also use propane as a feedstock and Petro 2 can also use an ethane/propane mix, propane, butane or naphtha as a feedstock.

The following table provides information regarding OpCo's ethylene production facilities as of December 31, 2019:

Plant Location (Description)	Annual Production Capacity (millions of pounds)	Feedstock	Primary Uses of Ethylene
Lake Charles, Louisiana (Petro 1)	1,500	Ethane	PE and PVC
Lake Charles, Louisiana (Petro 2)	1,490	Ethane, ethane/propane mix, propane, butane or naphtha	PE and PVC
Calvert City, Kentucky (Calvert City Olefins)	730	Ethane or propane	PVC
Total	<u>3,720</u>		

Lake Charles Olefins

Two of OpCo's ethylene production facilities, which we refer to as Petro 1 and Petro 2 and, collectively, as Lake Charles Olefins, are located at Westlake's Lake Charles site. The combined capacity of these two ethylene production facilities is approximately 3.0 billion pounds per year.

Within Westlake's Lake Charles site, Petro 1 and Petro 2 are connected by pipeline systems to Westlake's polyethylene plants. Westlake may use the ethylene it purchases from OpCo at its Lake Charles facilities or transfer it to its Geismar facility or its Longview facility, either through physical transportation or via exchange transactions. Westlake may also use the ethylene it purchases from OpCo with chlorine to produce ethylene dichloride and transport it via barge to Westlake's Calvert City site.

In addition, OpCo produces ethylene co-products including chemical grade propylene, crude butadiene, pyrolysis gasoline and hydrogen. OpCo sells its output of these co-products to external customers.

Calvert City Olefins

One of OpCo's ethylene production facilities is located at Westlake's Calvert City site, which we refer to as Calvert City Olefins. The capacity of Calvert City Olefins is approximately 730 million pounds per year.

Pipeline

OpCo owns a 200-mile 10-inch diameter ethylene pipeline system that connects the Equistar Pipeline, the Flint Hills Pipeline and the Lone Star Storage Facility in Mont Belvieu to the Longview, Texas chemical site, which includes Westlake's Longview PE production facility. The system has a capacity of 3.5 million pounds per day of ethylene and is operated as a common carrier pipeline by Buckeye Development & Logistics I LLC. As a common carrier intrastate pipeline in Texas, the system is subject to rate regulation under the Texas Utilities Code, as implemented by the Texas Railroad Commission, or the TRRC, and has a tariff on file with the TRRC.

Technology

OpCo has perpetual and paid-up licenses for steam cracking and process recovery technology used at its ethylene plants.

Our Agreements with Westlake

Except as otherwise indicated, the agreements described below became effective on August 4, 2014, concurrent with the closing of the IPO.

Ethylene Sales Agreement

OpCo and Westlake are parties to the Ethylene Sales Agreement, which has an initial term through December 31, 2026 and automatic 12-month renewal periods until terminated at the end of the initial term or any renewal term on 12-months' notice. The Ethylene Sales Agreement requires Westlake to purchase OpCo's planned ethylene production each year, subject to certain exceptions and a maximum commitment of 3.8 billion pounds per year, less product sold by OpCo to third parties equal to approximately 5% of the annual output. If OpCo's actual production is in excess of planned ethylene production, Westlake has the option to purchase up to 95% of production in excess of planned production. Westlake's purchase price for ethylene under the Ethylene Sales Agreement includes a \$0.10 per pound margin, the total costs incurred by OpCo for the feedstock and natural gas to produce each pound of ethylene (subject to a usage cap and a floor), and estimated operating costs, maintenance capital expenditures and other turnaround expenditures, less net proceeds from co-products sales. This purchase price is not designed to cover capital expenditures for expansion. Variable costs not incurred by OpCo due to a deficiency in takes are rebated to Westlake. Under specified circumstances, unrecovered costs may be carried forward for recovery in subsequent years.

Certain of the pricing components that make up the price for ethylene sold under the Ethylene Sales Agreement are modified to reflect the portion of OpCo's production capacity that is used to process Westlake's purge gas instead of producing ethylene. Costs specific to the processing of Westlake's purge gas are recovered under the Services and Secondment Agreement, and not the Ethylene Sales Agreement.

Under the Ethylene Sales Agreement, OpCo has the option to curtail up to approximately 5% of its ethylene production annually in the event OpCo reasonably determines that its sales of such ethylene to third parties during the relevant period would be uneconomic.

Feedstock Supply Agreement

OpCo and Westlake are parties to the Feedstock Supply Agreement, which has an initial term through December 31, 2026 and automatic 12-month renewal periods until terminated at the end of the initial term or any renewal term on 12-months' notice. Under the Feedstock Supply Agreement, Westlake sells OpCo ethane and other feedstock in amounts sufficient for OpCo to produce the ethylene to be sold under the Ethylene Sales Agreement. The price at which ethane and feedstock is sold includes an indexed price for spot gas liquids at Mont Belvieu and applicable transportation, storage and other costs.

Services and Secondment Agreement

OpCo and Westlake are parties to the Services and Secondment Agreement, pursuant to which OpCo provides Westlake with various utilities and utility services and in exchange for Westlake providing OpCo with various utility services, comprehensive operating services for OpCo's units, services for the maintenance and operation of the common facilities and seconded employees to perform all services required under the agreement.

Site Lease Agreements

OpCo and Westlake are parties to two 50-year site lease agreements (the "Site Leases"). Under the Site Leases, OpCo leases the real property underlying Calvert City Olefins and Lake Charles Olefins and is granted certain use and access right related thereto, for a base rental amount of \$1 per year per site. Each of the Site Leases is terminable by the lessor upon the occurrence of certain events of default or by OpCo if Calvert City Olefins or Lake Charles Olefins, as applicable, is destroyed by casualty. Pursuant to the Site Leases, the lessor has the right to restore and repurchase the units for fair market value if OpCo fails to expeditiously restore Calvert City Olefins or Lake Charles Olefins, as applicable, following a casualty loss. Subject to the foregoing repurchase right, OpCo may remove its ethylene production facilities and other related improvements for up to one year after expiration or termination of the applicable Site Lease, so long as such removal can be accomplished without material damage or harm to the lessor's property or operations; provided that any assets that are not timely removed by OpCo will be deemed to have been surrendered to the lessor.

Omnibus Agreement

We, OpCo and Westlake are parties to the Omnibus Agreement, pursuant to which we granted Westlake, among other things, a right of first refusal on any proposed transfer of (1) our equity interests in OpCo, (2) the ethylene production facilities that serve Westlake's other facilities or (3) certain other assets we may acquire from Westlake. The Omnibus Agreement also provides for reimbursement to Westlake for the provision of various administrative services and direct expenses incurred on our behalf and in connection with the operation of our business. Under the Omnibus Agreement, Westlake will indemnify us against certain environmental and other losses, and we will indemnify Westlake against certain environmental and other losses for which Westlake is not otherwise obligated to indemnify us and certain other losses and liabilities to the extent resulting from the provision of services by Westlake to us.

Exchange Agreement

OpCo and Westlake are parties to an exchange agreement, which had an initial term through August 1, 2015 and continues on an annual basis unless and until terminated by either party. Under the exchange agreement, OpCo may require Westlake to deliver up to 200 million pounds of ethylene for OpCo per year from the Site Leases to an ethylene hub in Mt. Belvieu, Texas, for which OpCo would be required to pay Westlake an exchange fee of \$0.006 per pound.

OpCo Partnership Agreement

We, OpCo GP and Westlake are parties to an agreement of limited partnership for OpCo (the "OpCo LP Agreement"). The OpCo LP Agreement governs the ownership and management of OpCo and designates OpCo GP as the general partner of OpCo. OpCo GP generally has complete authority to manage OpCo's business and affairs. We control OpCo GP, as its sole member, subject to certain approval rights held by Westlake.

Investment Management Agreement

On August 17, 2017, we, OpCo and Westlake executed an Investment Management Agreement that authorizes Westlake to invest the Partnership's and OpCo's excess cash with Westlake for a term of up to a maximum of nine months. Per the terms of the Investment Management Agreement, the Partnership earns a market return plus five basis points and Westlake provides daily availability of the invested cash to meet any liquidity needs of the Partnership or OpCo.

See "Liquidity and Capital Resources" in Item 7. "Management's Discussion and Analysis" for discussions of the Partnership's and OpCo's debt agreements with Westlake and "Interest Rate Risk" in Item 7A. "Quantitative and Qualitative Disclosures about Market Risk" for the Partnership's interest rate contract with Westlake.

Environmental

As is common in our industry, we and OpCo are subject to environmental laws and regulations related to the use, storage, handling, generation, transportation, emission, discharge, disposal and remediation of, and exposure to, hazardous and non-hazardous substances and wastes in all of the jurisdictions in which we do business. National, state or provincial and local standards regulating air, water and land quality affect substantially all of our manufacturing locations. Compliance with such laws and regulations has required and will continue to require capital expenditures and increase operating costs. Pursuant to our arrangement with Westlake, Westlake will indemnify us for liabilities that occurred or existed (in connection with compliance with such laws and regulations) prior to August 4, 2014.

It is our policy to comply with all environmental, health and safety requirements in the jurisdictions in which we and OpCo operate and to provide safe and environmentally sound workplaces for our employees. In some cases, compliance can be achieved only by incurring capital expenditures. In 2019, OpCo incurred capital expenditures of \$2.7 million related to environmental compliance. We estimate that OpCo will make capital expenditures of approximately \$3.2 million in 2020 and \$3.3 million in 2021, respectively, related to environmental compliance. The expected 2020 and 2021 capital expenditures are relatively higher than the amounts we have spent related to environmental compliance in recent years due to increased capital expenditures related to Environmental Protection Agency (the "EPA") regulations. 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.

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. On April 21, 2014, Westlake 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 Westlake that the information provided leads the EPA to believe that some of the flares are out of compliance with applicable standards. The EPA has indicated that it is seeking a consent decree that would obligate Westlake to take corrective actions relating to the alleged noncompliance. The Partnership believes the resolution of these matters may require the payment of a monetary sanction in excess of \$100,000.

In addition to the matters described above, the Partnership is involved in various legal proceedings incidental to the conduct of its business. The Partnership does not believe that any of these legal proceedings will have a material adverse effect on its financial condition, results of operations or cash flows.

Also, see the discussion of our environmental matters contained in "Item 1A. Risk Factors" and "Item 3—Legal Proceedings" below.

Employees

Neither we nor OpCo has any employees. Under the Services and Secondment Agreement with Westlake, Westlake seconded employees to OpCo to allow OpCo to operate its facilities. Such seconded employees are under OpCo's control while they work on OpCo's facilities. As of December 31, 2019, 150 employees were seconded to OpCo. Of these, 25 are covered by collective bargaining agreements that expire on November 1, 2024. There have been no strikes, lockouts or work stoppages at OpCo's facilities. We believe that Westlake's relationship with the local union officials and bargaining committees is open and positive.

Legal Proceedings

In the ordinary conduct of our business, we and Westlake and our and Westlake's subsidiaries, including OpCo, are subject to periodic lawsuits, investigations and claims, including environmental claims and employee related matters. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, we do not believe that any currently pending legal proceeding or proceedings to which we or Westlake or any of our or Westlake's subsidiaries, including OpCo, are a party will have a material adverse effect on our business, results of operations, cash flows or financial condition.

Competition

Due to the Ethylene Sales Agreement and integration with Westlake, OpCo does not directly compete with other ethylene producers for 95% of the planned volumes it produces. It is only on the 5% of planned ethylene volumes not sold to Westlake where OpCo competes with other regional merchant ethylene producers, including LyondellBasell Industries, N.V., Shell Chemical Company, BASF Corporation and Motiva Enterprises LLC.

Available Information

Our website address is www.wlkpartners.com. Our website content is 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 website 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 website 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 website at www.wlkpartners.com under "Investor Relations/Corporate Governance."

Item 1A. Risk Factors

Limited partner interests are inherently different from the capital stock of a corporation, although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in a similar business. Security holders and potential investors should carefully consider the following risk factors together with all of the other information included in this report. If any of the following risks were actually to occur, our business, financial condition, results of operations or cash flows could be materially adversely affected.

Risks Inherent in Our Business

We are substantially dependent on Westlake for our cash flows. If Westlake does not pay us under the terms of the Ethylene Sales Agreement or if our assets fail to perform as intended, we may not have sufficient cash from operations following the establishment of cash reserves and payment of costs and expenses, including cost reimbursements to our general partner and its affiliates, to enable us to pay the minimum quarterly distribution to our unitholders.

Currently, all of our cash flow is generated from cash distributions from OpCo, and a substantial majority of OpCo's cash flow is generated from payments by Westlake under the Ethylene Sales Agreement. Westlake's obligations to purchase ethylene under the Ethylene Sales Agreement may be temporarily suspended to the extent OpCo is unable to perform its obligations caused by any of certain events outside the reasonable control of OpCo. Such events include, for example, acts of God or calamities which affect the operation of OpCo's facilities; certain labor difficulties (whether or not the demands of the employees are within the power of OpCo to concede); and governmental orders or laws. In addition, Westlake is not obligated to purchase ethylene with respect to any period during which OpCo's facilities are not operating due to scheduled or unscheduled maintenance or turnarounds (which occur approximately every five years) other than under certain circumstances relating to the occurrence of force majeure. We expect that each of OpCo's facilities will have a turnaround once every five years and will not operate for typically between 25 and 45 days during each turnaround by itself. However, the duration of a turnaround by itself may be longer than expected or may cost more than originally estimated. Furthermore, expansions may also coincide with turnarounds, which may complicate and delay the completion of such turnarounds. A suspension of Westlake's obligations under the Ethylene Sales Agreement, including during periods where OpCo's facilities are not operating due to scheduled or unscheduled maintenance or turnarounds, would reduce OpCo's revenues and cash flows, and could materially adversely affect our ability to make distributions to our unitholders.

Westlake may be unable to generate enough cash flow from operations to meet its minimum obligations under the Ethylene Sales Agreement if its business is adversely impacted by competition, operational problems, general adverse economic conditions or the inability to obtain feedstock. For example, sustained lower prices of crude oil, such as the prices experienced from the third quarter of 2014 through 2019 (as of December 31, 2019, approximately 43% lower than their 2014 peak levels) have led and may lead to lower margins for Westlake in the United States. If Westlake were unable to meet its minimum payment obligations to OpCo as a result of any one or more of these factors, our ability to make distributions to our unitholders would be reduced or eliminated. The level of payments made by Westlake will depend upon its ability to pay its minimum obligations under the Ethylene Sales Agreement and its ability and election to increase volumes above the minimums specified in the Ethylene Sales Agreement, which in turn are dependent upon, among other things, the level of production at Westlake's other facilities. If Westlake is unable to generate sufficient cash flow from its operations to meet its obligations, or otherwise defaults on its obligations, under the Ethylene Sales Agreement, OpCo will not have sufficient available cash to distribute to us to enable us to pay the minimum quarterly distribution, which will fluctuate from quarter to quarter based on the following factors, some of which are beyond our control:

- severe financial hardship or bankruptcy of Westlake or one of our other customers, or the occurrence of other events affecting our ability to collect payments from Westlake or our other customers, including any of our customers' default;
- volatility and cyclical downturns in the chemicals industry and other industries which materially and adversely impact Westlake and our other customers;
- Westlake's inability to perform, or any other default on its obligations, under the Ethylene Sales Agreement;
- the age of, and changes in the reliability, efficiency and capacity of the various equipment and operating facilities used in OpCo's operations, and in the operations of Westlake and our other customers, business partners and/or suppliers;
- the cost of environmental remediation at OpCo's facilities not covered by Westlake or third parties;
- changes in the expected operating levels of OpCo's assets;
- OpCo's ability to meet minimum volume requirements, yield standards and ethylene quality requirements in the Ethylene Sales Agreement;
- OpCo's ability to renew the Ethylene Sales Agreement or to enter into new, long-term agreements for the sale of ethylene under terms similar or more favorable;
- changes in the marketplace that may affect supply and demand for ethane or ethylene, including decreased availability of ethane (which may result from greater restrictions on hydraulic fracturing, any reduction in hydraulic fracturing due to low crude oil prices or exports of natural gas liquids from the United States, for example), increased production of ethylene or export of ethane or ethylene from the United States;
- changes in overall levels of production, production capacity, pricing and/or margins for ethylene;
- OpCo's ability to secure adequate supplies of ethane, other feedstocks and natural gas from Westlake or third parties;
- the need to use higher priced or less attractive feedstock due to the unavailability of ethane;
- the effects of pipeline, railroad, barge, truck and other transportation performance and costs, including any transportation disruptions;
- the availability and cost of labor;
- risks related to employees and workplace safety;
- the effects of adverse events relating to the operation of OpCo's facilities and to the transportation and storage of hazardous materials (including equipment malfunction, explosions, fires, spills and the effects of severe weather conditions);
- changes in product specifications for the ethylene that we produce;
- changes in insurance markets and the level, types and costs of coverage available, and the financial ability of our insurers to meet their obligations;
- changes in, or new, statutes, regulations or governmental policies by federal, state and local authorities with respect to protection of the environment;
- changes in accounting rules and/or tax laws or their interpretations;
- nonperformance or force majeure by, or disputes with or changes in contract terms with, Westlake, our other major customers, suppliers, dealers, distributors or other business partners; and
- changes in, or new, statutes, regulations, governmental policies and taxes, or their interpretations.

In addition, the actual amount of cash we will have available for distribution will depend on other factors, including:

- the amount of cash we or OpCo are able to generate from sales of ethylene, and associated co-products, to third parties, which will be impacted by changes in prices for ethane (or other feedstocks), natural gas, ethylene and co-products and sustained lower prices of crude oil, such as those experienced from the third quarter of 2014 through 2019, and could be less than the margin we earn from ethylene sales to Westlake;
- the level of capital expenditures we or OpCo make;
- the cost of acquisitions;
- construction costs;
- fluctuations in our or OpCo's working capital needs;

- our or OpCo's ability to borrow funds (including under our or OpCo's revolving credit facilities) and access capital markets;
- our or OpCo's debt service requirements and other liabilities;
- restrictions contained in our or OpCo's existing or future debt agreements; and
- the amount of cash reserves established by our general partner.

We will require a significant amount of cash to service our debt and OpCo's debt, including borrowings under our and OpCo's credit facilities with Westlake. Our ability to make payments on and refinance this debt will depend on our ability to generate cash in the future, which is subject to the same factors described above in connection with our ability to pay quarterly distributions to unitholders. Cash that is used to service debt will be unavailable for distributions to our unitholders.

OpCo is subject to the credit risk of Westlake on a substantial majority of its revenues, and Westlake's leverage and creditworthiness could adversely affect our ability to make distributions to our unitholders.

Our ability to make distributions to unitholders is substantially dependent on Westlake's ability to meet its minimum contractual obligations under the Ethylene Sales Agreement. If Westlake defaults on its obligations, our ability to make distributions to our unitholders would be reduced or eliminated. Westlake has not pledged any assets to us as security for the performance of its obligations.

Westlake has not agreed with us to limit its ability to incur indebtedness, pledge or sell assets or make investments, and we have no control over the amount of indebtedness Westlake incurs, the assets it pledges or sells or the investments it makes.

OpCo is a restricted subsidiary under certain indentures governing Westlake's senior notes. Restrictions in the indentures could limit OpCo's ability to make distributions to us.

All of our cash is currently generated from cash distributions from OpCo. Certain indentures governing Westlake's senior notes impose significant operating and financial restrictions on OpCo. These restrictions limit OpCo's ability to:

- make investments and other restricted payments;
- incur additional indebtedness or issue preferred stock;
- create liens;
- sell all or substantially all of its assets or consolidate or merge with or into other companies; and
- engage in transactions with affiliates.

In addition, the indentures governing Westlake's senior notes prevent OpCo from making distributions to us if any default or event of default (as defined in the indentures) exists.

These limitations are subject to a number of important qualifications and exceptions. Currently, many of these restrictions in the indentures governing Westlake's senior notes are suspended because the senior notes are currently rated investment grade by at least two nationally recognized credit rating agencies.

These covenants may adversely affect OpCo's ability to finance future business opportunities. 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, including OpCo and its assets. In addition, any acceleration of debt under Westlake's credit facility will constitute a default under some of Westlake's other debt, including the indentures governing its senior notes.

Substantially all of OpCo's sales are generated at three facilities located at two sites. Any adverse developments at any of these facilities or sites could have a material adverse effect on our results of operations and therefore our ability to distribute cash to unitholders.

OpCo's operations are subject to significant hazards and risks inherent in ethylene production operations. These hazards and risks include, but are not limited to, equipment malfunction, explosions, fires and the effects of severe weather conditions, any of which could result in production and transportation difficulties and disruptions, pollution, personal injury or wrongful death claims and other damage to our properties and the property of others. There is also risk of mechanical failure of OpCo's facilities both in the normal course of operations and following unforeseen events. Any adverse developments at any of OpCo's facilities could have a material adverse effect on our results of operations and therefore our ability to distribute cash to unitholders.

Because substantially all of OpCo's sales are generated at three facilities located at two sites, any such events at any facility or site could significantly disrupt OpCo's ethylene production and its ability to supply ethylene to its customers. Any sustained disruption in its ability to meet its supply obligations under the Ethylene Sales Agreement could have a material adverse effect on our results of operations and therefore our ability to distribute cash to unitholders.

The ethylene sales price charged under the Ethylene Sales Agreement is designed to permit OpCo to cover the substantial majority of its operating costs, but not our public partnership and other OpCo costs, which will reduce our net operating profit.

The purchase price under the Ethylene Sales Agreement is based on OpCo's actual ethane, other feedstock and natural gas costs and an annual estimate of other operating costs and maintenance capital expenditures and other turnaround expenditures. The price is designed to permit OpCo to recover the portion of its costs of feedstocks and other costs to operate the ethylene production facilities associated with the percentage of its production capacity purchased by Westlake and generate a fixed margin per pound of ethylene purchased by Westlake. The price is not designed to allow OpCo to recover any capital expenditures related to expansion, or operational efficiency. The ethylene sales price also does not increase to cover our public partnership costs. Both of these costs reduce our net operating profit.

The fee structure of the Ethylene Sales Agreement may limit OpCo's ability to take advantage of favorable market developments in the future.

The Ethylene Sales Agreement sets a \$0.10 per pound margin for a substantial majority of OpCo's ethylene production, limiting OpCo's ability to take advantage of potential decreased ethane and other feedstock prices, potential increased ethylene prices or other favorable market developments. Under these circumstances, OpCo may not be in a position to enable its partners, including us, to benefit from favorable market developments (including any potential ethylene price increase in the future) through increased distributions. In addition, under these circumstances, OpCo may be disadvantaged relative to those of its competitors that are in a better position to take advantage of favorable market developments.

If OpCo is unable to renew or extend the Ethylene Sales Agreement beyond the initial 12-year term or the other agreements with Westlake upon expiration of these agreements, our ability to make distributions in the future could be materially adversely affected and the value of our units could decline.

Westlake's obligations under the Ethylene Sales Agreement, the Feedstock Supply Agreement and the related Services and Secondment Agreement will become terminable by either party commencing December 31, 2026. If OpCo were unable to reach agreement with Westlake on an extension or replacement of these agreements, then our ability to make distributions on our common units could be materially adversely affected and the value of our common units could decline.

OpCo has the right to use the real property underlying Lake Charles Olefins and Calvert City Olefins pursuant to two, 50-year site lease agreements with Westlake. If OpCo is not able to renew the site lease agreements or if the site lease agreements are terminated by Westlake, OpCo may have to relocate Lake Charles Olefins and Calvert City Olefins, abandon the assets or sell the assets to Westlake.

Westlake has (1) leased to OpCo the real property underlying Lake Charles Olefins and Calvert City Olefins and (2) granted OpCo rights to access and use certain other portions of Westlake's facilities that are necessary to operate OpCo's units at such facilities. The site lease agreements each have a term of 50 years and may be renewed if agreed to by the parties. If an event of default with respect to bankruptcy of OpCo occurs, if Westlake terminates the Ethylene Sales Agreement in accordance with its provisions either for cause or due to a force majeure event, or if OpCo ceases to operate Lake Charles Olefins or Calvert City Olefins for six consecutive months (other than due to force majeure or construction following a casualty loss), Westlake may terminate the applicable site lease following notice and expiration of a cure period to remedy the default. In addition, if OpCo fails to act in good faith to expeditiously restore Lake Charles Olefins or Calvert City Olefins following a casualty loss, Westlake has the ability to terminate the applicable site lease agreement, to restore Lake Charles Olefins or Calvert City Olefins, as the case may be, and to purchase such ethylene production facilities at fair market value. If OpCo is unable to renew the site lease agreements or if Westlake terminates one or both of the site lease agreements, OpCo may have to relocate Lake Charles Olefins and Calvert City Olefins, abandon the assets or sell the assets to Westlake, the result of which may have a material adverse effect on our business, results of operations and financial condition.

OpCo depends upon Westlake for numerous services and for its labor force.

Pursuant to the Services and Secondment Agreement, Westlake is obligated to provide OpCo operating services, utility access services and other key site services. Westlake provides the services of certain of its employees, who act as OpCo's agents in operating and maintaining OpCo's ethylene production facilities. If this agreement is terminated or if Westlake or its affiliates fail to satisfactorily provide these services or employees, OpCo would be required to hire labor, provide these services internally or find a third-party provider of these services. Any services or labor OpCo chooses to provide internally may not be as cost effective as those that Westlake or its affiliates provide, particularly in light of OpCo's lack of experience as an independent organization. If OpCo is required to obtain these services or labor from a third party, it may be unable to do so in a timely, efficient and cost-effective manner, the services or labor it receives may be inferior to or more costly than those that Westlake is currently providing, or such services and labor may be unavailable. Moreover, given the integration of OpCo's ethylene production facilities and Westlake's Lake Charles and Calvert City facilities, it may not be practical for us or for a third party to provide site services or labor for OpCo's ethylene production facilities separately.

OpCo's ability to receive greater cash flows from increased production may be limited by the Ethylene Sales Agreement.

OpCo's ability to increase throughput volumes through its assets is constrained by the capacity limitations of those assets, which are currently operating at close to full capacity. OpCo's ability to increase its cash flow by selling ethylene to third parties may be limited by the Ethylene Sales Agreement. OpCo's ability to sell ethylene to third parties is limited to available excess capacity, since Westlake has the right to purchase the substantial majority of production from OpCo's facilities through its minimum purchase commitment and option to purchase additional ethylene under the Ethylene Sales Agreement. The Ethylene Sales Agreement provisions may prohibit OpCo from competing effectively for third party business for this excess production given the limited volumes available for sale. For example, so long as Westlake is not in default under the Ethylene Sales Agreement, Westlake has the right to purchase 95% of OpCo's production in excess of planned capacity.

The amount of cash we have available for distribution to holders of our units depends primarily on our cash flow and not solely on profitability, which may prevent us from making cash distributions during periods when we record net income.

The amount of cash we have available for distribution depends primarily upon our cash flow, including cash flow from reserves and working capital or borrowings (including any under our credit facilities,) and not solely on profitability, which will be affected by non-cash items. As a result, we may pay cash distributions during periods when we record net losses for financial accounting purposes and may be unable to pay cash distributions during periods when we record net income. We may be unable to access our revolving credit facilities when we do not have sufficient cash flows to pay cash distributions.

If we are unable to make acquisitions from Westlake or third parties on economically acceptable terms, our future growth would be limited, and any acquisitions we make may reduce, rather than increase, our cash generated from operations on a per unit basis.

Our strategy to grow our business and increase distributions to unitholders is dependent on our ability to make acquisitions that result in an increase in our cash distributions per unit. If we are unable to make acquisitions of additional interests in OpCo from Westlake on acceptable terms or we are unable to obtain financing for these acquisitions, our future growth and ability to increase distributions will be limited. In addition, we may be unable to make acquisitions from third parties as an alternative avenue to growth. Furthermore, even if we do consummate acquisitions that we believe will be accretive, they may in fact result in a decrease in our cash distributions per unit. Any acquisition involves potential risks, some of which are beyond our control, including, among other things:

- mistaken assumptions about revenues and costs, including synergies;
- the inability to successfully integrate the businesses we acquire;
- the inability to hire, train or retain qualified personnel to manage and operate our business and newly acquired assets;
- the assumption of unknown liabilities;
- limitations on rights to indemnity from the seller;
- mistaken assumptions about the overall costs of equity or debt;
- the diversion of management's attention from other business concerns;
- unforeseen difficulties in connection with operating in new product areas or new geographic areas; and
- customer or key employee losses at the acquired businesses.

If we consummate any future acquisitions, our capitalization and results of operations may change significantly, and unitholders will not have the opportunity to evaluate the economic, financial and other relevant information that we will consider in determining the application of our funds and other resources.

Many of our assets have been in service for many years and require significant expenditures to maintain them. As a result, our maintenance or repair costs may increase in the future. In addition, while we intend to establish cash reserves in order to cover turnaround expenditures, the amounts we reserve may not be sufficient to fully cover such expenditures.

Many of the assets we use to produce ethylene are generally long-lived assets. As a result, some of those assets have been in service for many decades. The age and condition of these assets could result in increased maintenance or repair expenditures. In addition, while we intend to establish cash reserves in order to cover our turnaround expenditures, the amounts we reserve may be insufficient to fully cover such expenditures. Any significant and unexpected increase in these expenditures could adversely affect our results of operations, financial position or cash flows, as well as our ability to pay cash distributions.

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

Chemical manufacturing facilities may be at greater risk of terrorist attacks than other potential targets in the U.S. As a result, the chemicals industry responded to the issues surrounding the terrorist attacks of September 11, 2001 by starting initiatives relating to the security of chemicals industry facilities and the transportation of hazardous chemicals in the U.S. Simultaneously, local, state and federal governments began 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.

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

Our operations are subject to the usual hazards associated with commodity chemical 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; and
- terrorist attacks.

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 of operations over an extended period at any one of our three major operating 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.

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

We use hazardous substances and generate hazardous wastes and emissions in our manufacturing operations. Our industry is highly regulated and monitored by various environmental regulatory authorities such as the EPA. As such, we are subject to extensive federal, state and local laws and regulations 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 and regulations are subject to varying and conflicting interpretations. Many of these laws and regulations 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, our petrochemical facilities may require improvements to comply with certain changes in process safety management requirements.

In April 2016, the EPA issued an Information Collection Request ("ICR") for ethylene production facilities to inform the agency's mandatory Risk and Technology Review of the existing ethylene maximum available technology ("MACT") rule, which regulates the emissions of organic Hazardous Air Pollutants (HAP) including benzene, toluene and xylene among others. The EPA evaluated companies' responses and testing data from the ICR and published a proposed rule amending the ethylene MACT rule in October 2019. Among other things, the proposed rule would strengthen heat exchange system and storage vessel control requirements, add monitoring and operational requirements for flares, and remove exemptions for periods of startup, shutdown, and malfunctions. Our operations also produce greenhouse gas ("GHG") emissions, which have been the subject of increased scrutiny and regulation. The EPA has adopted rules requiring the reporting of GHG emissions from specified large GHG emission sources on an annual basis including our facilities in Lake Charles and Calvert City. 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 criteria pollutant and GHG emissions. As our chemical processing results in GHG emissions, these and other GHG laws and regulations could affect our costs of doing business.

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. The U.S. Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") and similar state laws impose joint and several liability for the costs of remedial investigations and actions on the entities that are deemed responsible for a release of hazardous substances into the environment, including entities that have generated hazardous substances or arranged for their transportation or disposal, as well as the past and present owners and operators of disposal 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 and similar state laws 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.

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 due to internal or external factors including cyber-attacks 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 Westlake, which manages our security protocol under the omnibus agreement, has taken steps to address these concerns by implementing network security and internal control measures, including employee training, comprehensive monitoring of our networks and systems, maintenance of backup and protective systems and disaster recovery and incident response plans, Westlake's employees, systems, networks, products, facilities and services remain potentially vulnerable to sophisticated cyber-assault, and, as such, there can be no assurance that a system failure, network disruption or data security breach will not have a material adverse effect on our operations, business, financial condition, operating results or cash flow.

A terrorist attack or armed conflict could harm our business.

Terrorist activities, anti-terrorist efforts and other armed conflicts involving the U.S. or other jurisdictions could adversely affect the U.S. and global economies and could prevent us from meeting financial and other obligations. We could experience loss of business, delays or defaults in payments from customers or disruptions of fuel supplies and markets if North American and global utilities are direct targets or indirect casualties of an act of terror or war. Terrorist activities and the threat of potential terrorist activities and any resulting economic downturn could adversely affect our results of operations, impair our ability to raise capital or otherwise adversely impact our ability to realize certain business strategies.

Risks Relating to Our Partnership Structure

Westlake owns and controls our general partner, which has sole responsibility for conducting our business and managing our operations. Our general partner and its affiliates, including Westlake, may have conflicts of interest with us and have limited duties, and they may favor their own interests to our detriment and that of our unitholders.

Westlake owns and controls our general partner and appoints all of the directors of our general partner. Although our general partner has a duty to manage us in a manner that it believes is not adverse to our interests, the executive officers and directors of our general partner have a fiduciary duty to manage our general partner in a manner beneficial to Westlake. Therefore, conflicts of interest may arise between Westlake or any of its affiliates, including our general partner, on the one hand, and us or any of our unitholders, on the other hand. In resolving these conflicts of interest, our general partner may favor its own interests and the interests of its affiliates over the interests of our common unitholders. These conflicts include the following situations, among others:

- our general partner is allowed to take into account the interests of parties other than us, such as Westlake, in exercising certain rights under our partnership agreement;
- neither our partnership agreement nor any other agreement requires Westlake to pursue a business strategy that favors us;
- our partnership agreement replaces the fiduciary duties that would otherwise be owed by our general partner with contractual standards governing its duties, limits our general partner's liabilities and restricts the remedies available to our unitholders for actions that, without such limitations, might constitute breaches of fiduciary duty;
- except in limited circumstances, our general partner has the power and authority to conduct our business without unitholder approval;
- our general partner determines the amount and timing of asset purchases and sales, borrowings, issuances of additional partnership securities and the level of reserves, each of which can affect the amount of cash that is distributed to our unitholders;
- our general partner determines the amount and timing of any cash expenditure and whether an expenditure is classified as a maintenance capital expenditure, which reduces operating surplus, or an expansion capital expenditure, which does not reduce operating surplus. This determination can affect the amount of cash from operating surplus that is distributed to our unitholders;
- our general partner may cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make incentive distributions or may cause us not to borrow funds to pay cash distributions when we do not otherwise have the funds pay such cash distributions;
- our partnership agreement permits us to distribute up to \$28.0 million as operating surplus, even if it is generated from asset sales, non-working capital borrowings or other sources that would otherwise constitute capital surplus. This cash may be used to fund distributions on the incentive distribution rights;

- our general partner determines which costs incurred by it and its affiliates are reimbursable by us;
- our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with its affiliates on our behalf;
- our general partner intends to limit its liability regarding our contractual and other obligations;
- our general partner may exercise its right to call and purchase common units if it and its affiliates own more than 80% of the common units;
- our general partner controls the enforcement of obligations that it and its affiliates owe to us;
- our general partner decides whether to retain separate counsel, accountants or others to perform services for us; and
- our general partner may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to Westlake's incentive distribution rights without the approval of the conflicts committee of the board of directors or the unitholders. This election may result in lower distributions to the common unitholders in certain situations.

In addition, we may compete directly with Westlake and entities in which it has an interest for acquisition opportunities and potentially will compete with these entities for new business or extensions of the existing services provided by us. Please read "Westlake and other affiliates of our general partner may compete with us."

The board of directors may modify or revoke our cash distribution policy at any time at its discretion. Our partnership agreement does not require us to pay any distributions at all.

The board of directors adopted a cash distribution policy pursuant to which we intend to distribute quarterly at least \$0.2750 per unit on all of our units to the extent we have sufficient cash after the establishment of cash reserves and the payment of our expenses, including payments to our general partner and its affiliates. However, the board may change such policy at any time at its discretion and could elect not to pay distributions for one or more quarters.

In addition, our partnership agreement does not require us to pay any distributions at all. Accordingly, investors are cautioned not to place undue reliance on the permanence of such a policy in making an investment decision. Any modification or revocation of our cash distribution policy could substantially reduce or eliminate the amount we distribute to our unitholders. The amount of distributions we make, if any, and the decision to make any distribution at all will be determined by the board of directors, whose interests may differ from those of our common unitholders. Our general partner has limited duties to our unitholders, which may permit it to favor its own interests or the interests of Westlake to the detriment of our common unitholders.

Our general partner intends to limit its liability regarding our obligations.

Our general partner intends to limit its liability under contractual arrangements between us and third parties so that the counterparties to such arrangements have recourse only against our assets, and not against our general partner or its assets. Our general partner may therefore cause us to incur indebtedness or other obligations that are nonrecourse to our general partner. Our partnership agreement provides that any action taken by our general partner to limit its liability is not a breach of our general partner's duties, even if we could have obtained more favorable terms without the limitation on liability.

We expect to distribute a significant portion of our available cash to our partners, which could limit our ability to grow and make acquisitions.

We plan to distribute most of our available cash, which may cause our growth to proceed at a slower pace than that of businesses that reinvest their cash to expand ongoing operations. To the extent we issue additional units in connection with any acquisitions or expansion capital expenditures, the payment of distributions on those additional units may increase the risk that we will be unable to maintain or increase our per unit distribution level. There are no limitations in our partnership agreement on our ability to issue additional units, including units ranking senior to the common units. The incurrence of additional commercial borrowings or other debt to finance our growth strategy would result in increased interest expense, which, in turn, may impact the cash that we have available to distribute to our unitholders.

Our partnership agreement replaces our general partner's fiduciary duties to holders of our units.

Our partnership agreement contains provisions that eliminate and replace the fiduciary standards to which our general partner would otherwise be held by state fiduciary duty law. For example, our partnership agreement permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner, or otherwise free of fiduciary duties to us and our unitholders. This entitles our general partner to consider only the interests and factors that it desires and relieves it of any duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or our limited partners. Examples of decisions that our general partner may make in its individual capacity include:

- how to allocate business opportunities among us and its affiliates;
- whether to exercise its call right;
- how to exercise its voting rights with respect to the units it owns;
- whether to exercise its registration rights;
- whether to elect to reset target distribution levels; and
- whether or not to consent to any merger or consolidation of the partnership or amendment to the partnership agreement.

By purchasing a common unit, a unitholder is treated as having consented to the provisions in the partnership agreement, including the provisions discussed above.

Our partnership agreement restricts the remedies available to holders of our units for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty.

Our partnership agreement contains provisions that restrict the remedies available to unitholders for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty under state fiduciary duty law. For example, our partnership agreement provides that:

- whenever our general partner makes a determination or takes, or declines to take, any other action in its capacity as our general partner, our general partner is generally required to make such determination, or take or decline to take such other action, in good faith, and will not be subject to any higher standard imposed by our partnership agreement, Delaware law, or any other law, rule or regulation, or at equity;
- our general partner and its officers and directors will not be liable for monetary damages or otherwise to us or our limited partners resulting from any act or omission unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that such losses or liabilities were the result of conduct in which our general partner or its officers or directors engaged in bad faith, meaning that they believed that the decision was adverse to the interest of the partnership or, with respect to any criminal conduct, with knowledge that such conduct was unlawful; and
- our general partner will not be in breach of its obligations under the partnership agreement or its duties to us or our limited partners if a transaction with an affiliate or the resolution of a conflict of interest is:
 - (1) approved by the conflicts committee of the board of directors, although our general partner is not obligated to seek such approval; or
 - (2) approved by the vote of a majority of the outstanding common units, excluding any common units owned by our general partner and its affiliates.

In connection with a situation involving a transaction with an affiliate or a conflict of interest, other than one where our general partner is permitted to act in its sole discretion, any determination by our general partner must be made in good faith. If an affiliate transaction or the resolution of a conflict of interest is not approved by our common unitholders or the conflicts committee, then it will be presumed that, in making its decision, taking any action or failing to act, the board of directors acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the partnership, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption.

Our partnership agreement provides that the conflicts committee of the board of directors may be comprised of one or more independent directors. If the board of directors establishes a conflicts committee with only one independent director, your interests may not be as well served as if the conflicts committee was comprised of at least two independent directors. A single-member conflicts committee would not have the benefit of discussion with, and input from, other independent directors.

Westlake and other affiliates of our general partner may compete with us.

Affiliates of our general partner, including Westlake, are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with us. In addition, Westlake may compete with us for investment opportunities and may own an interest in entities that compete with us.

Pursuant to the terms of our partnership agreement, the doctrine of corporate opportunity, or any analogous doctrine, does not apply to our general partner or any of its affiliates, including its executive officers and directors and Westlake. Any such person or entity that becomes aware of a potential transaction, agreement, arrangement or other matter that may be an opportunity for us will not have any duty to communicate or offer such opportunity to us. Any such person or entity will not be liable to us or to any limited partner for breach of any fiduciary duty or other duty by reason of the fact that such person or entity pursues or acquires such opportunity for itself, directs such opportunity to another person or entity or does not communicate such opportunity or information to us. This may create actual and potential conflicts of interest between us and affiliates of our general partner and result in less than favorable treatment of us and our unitholders.

The holder or holders of our incentive distribution rights may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to the incentive distribution rights, without the approval of the conflicts committee of our board of directors or the holders of our common units. This could result in lower distributions to holders of our common units.

The holder or holders of a majority of our incentive distribution rights (currently Westlake) have the right, at any time when there are no subordinated units outstanding and we have made cash distributions in excess of the then-applicable third target distribution for each of the prior four consecutive fiscal quarters, to reset the initial target distribution levels at higher levels based on our cash distribution levels at the time of the exercise of the reset election. Following a reset election by such holder or holders, the minimum quarterly distribution will be calculated equal to an amount equal to the prior cash distribution per common unit for the fiscal quarter immediately preceding the reset election (such amount is referred to as the "reset minimum quarterly distribution") and the target distribution levels will be reset to correspondingly higher levels based on percentage increases above the reset minimum quarterly distribution. If such holder or holders elects to reset the target distribution levels, they will be entitled to receive common units as consideration for such election. The number of common units to be issued to such holder or holders will equal the number of common units that would have entitled the holder to an aggregate quarterly cash distribution for the quarter prior to the reset election equal to the distribution on the incentive distribution rights for the quarter prior to the reset election.

Westlake, as the current holder of our incentive distribution rights, could exercise this reset right in order to facilitate acquisitions or internal growth projects that would not be sufficiently accretive to cash distributions per unit without such conversion. However, Westlake may transfer the incentive distribution rights at any time. It is possible that Westlake or a transferee could exercise this reset election at a time when we are experiencing declines in our aggregate cash distributions or at a time when the holders of the incentive distribution rights expect that we will experience declines in our aggregate cash distributions in the foreseeable future. In such situations, a holder of the incentive distribution rights may be experiencing, or may expect to experience, declines in the cash distributions it receives related to the incentive distribution rights and may therefore desire to be issued our common units rather than retain the right to receive incentive distributions based on the initial target distribution levels. As a result, a reset election may cause our common unitholders to experience reduction in the amount of cash distributions that they would have otherwise received had we not issued new common units to the holders of the incentive distribution rights in connection with resetting the target distribution levels.

Holders of our common units have limited voting rights and are not entitled to elect our general partner or its directors, which could reduce the price at which our common units trade.

Compared to the holders of common stock in a corporation, unitholders have limited voting rights and, therefore, limited ability to influence management's decisions regarding our business. Unitholders will have no right on an annual or ongoing basis to elect our general partner or its board of directors. The board of directors, including the independent directors, is chosen entirely by Westlake, as a result of it owning our general partner, and not by our unitholders. Unlike publicly traded corporations, we will not conduct annual meetings of our unitholders to elect directors or conduct other matters routinely conducted at annual meetings of stockholders of corporations. As a result of these limitations, the price at which the common units trade could be diminished because of the absence or reduction of a takeover premium in the trading price.

Even if holders of our common units are dissatisfied, they cannot currently remove our general partner without its consent.

If our unitholders are dissatisfied with the performance of our general partner, they currently cannot remove our general partner. Unitholders currently are unable to remove our general partner without its consent because our general partner and its affiliates own sufficient units to be able to prevent its removal. The vote, including Westlake, of the holders of at least 66 2/3% of all outstanding common and subordinated units voting together as a single class is required to remove our general partner. As of February 21, 2020, Westlake owned an aggregate of 40.1% of our common units. This condition provides Westlake the ability to prevent the removal of our general partner.

Control of our general partner may be transferred to a third party without unitholder consent.

Our general partner may transfer its general partner interest to a third party without the consent of our unitholders. Furthermore, our partnership agreement permits Westlake to transfer ownership of our general partner to a third party, also without the consent of our unitholders. The new owner of our general partner would then be in a position to replace the board of directors and executive officers of our general partner with its own designees and thereby exert significant control over the decisions taken by the board of directors and executive officers of our general partner. This effectively permits a "change of control" without the vote or consent of the unitholders.

The incentive distribution rights may be transferred to a third party without unitholder consent.

Westlake may transfer the incentive distribution rights to a third party at any time without the consent of our unitholders. If Westlake transfers the incentive distribution rights to a third party, it would not have the same incentive to grow our partnership and increase quarterly distributions to unitholders over time. For example, a transfer of incentive distribution rights by Westlake could reduce the likelihood of it accepting offers made by us relating to assets owned by Westlake, as it would have less of an economic incentive to grow our business, which in turn would impact our ability to grow our asset base.

Our general partner has a call right that may require unitholders to sell their common units at an undesirable time or price.

If at any time our general partner and its affiliates own more than 80% of the common units, our general partner will have the right, which it may assign to any of its affiliates or to us, but not the obligation, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price equal to the greater of (1) the average of the daily closing price of the common units over the 20 trading days preceding the date three days before notice of exercise of the call right is first mailed and (2) the highest per-unit price paid by our general partner or any of its affiliates for common units during the 90-day period preceding the date such notice is first mailed. As a result, unitholders may be required to sell their common units at an undesirable time or price and may not receive any return or a negative return on their investment. Unitholders may also incur a tax liability upon a sale of their units. Our general partner is not obligated to obtain a fairness opinion regarding the value of the common units to be repurchased by it upon exercise of the limited call right. There is no restriction in our partnership agreement that prevents our general partner from causing us to issue additional common units and then exercising its call right. If our general partner exercised its limited call right, the effect would be to take us private and, if the units were subsequently deregistered, we would no longer be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act.

We may issue additional units without unitholder approval, which would dilute existing unitholder ownership interests.

Our partnership agreement does not limit the number of additional limited partner interests we may issue at any time without the approval of our unitholders. The issuance of additional common units or other equity interests of equal or senior rank will have the following effects:

- our existing unitholders' proportionate ownership interest in us will decrease;
- the amount of earnings per each unit may decrease;
- the ratio of taxable income to distributions may increase;
- the relative voting strength of each previously outstanding unit may be diminished; and
- the market price of the common units may decline.

The market price of our common units could be adversely affected by sales of substantial amounts of our common units in the public or private markets, including sales by Westlake or other large holders.

Westlake has registration rights with respect to the common units it holds. Sales by Westlake or other large holders of a substantial number of our common units in the public markets, or the perception that such sales might occur, could have a material adverse effect on the price of our common units or could impair our ability to obtain capital through an offering of equity securities.

Our partnership agreement restricts the voting rights of unitholders owning 20% or more of our common units.

Our partnership agreement restricts unitholders' voting rights by providing that any units held by a person or group that owns 20% or more of any class of units then outstanding, other than our general partner and its affiliates, their transferees and persons who acquired such units with the prior approval of the board of directors, cannot vote on any matter.

Cost reimbursements due to our general partner and Westlake for services provided to us or on our behalf will reduce our earnings and therefore our cash available for distribution to our unitholders. The amount and timing of such reimbursements will be determined by our general partner.

We are obligated under our partnership agreement to reimburse our general partner and its affiliates for all expenses they incur and payments they make on our behalf, including expenses we and OpCo will incur under the services and secondment agreement and the omnibus agreement. Our partnership agreement does not set a limit on the amount of expenses for which our general partner and its affiliates may be reimbursed. These expenses include all expenses incurred under the services and secondment agreement and the omnibus agreement, including salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our general partner by its affiliates. Our partnership agreement provides that our general partner will determine the expenses that are allocable to us. The reimbursement of expenses and payment of fees, if any, to our general partner and its affiliates will reduce the amount of our earnings and, thereby, our ability to distribute cash to our unitholders.

Unitholders may have liability to repay distributions.

Under certain circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act, or the Delaware Act, we may not make a distribution to our unitholders if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of the impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Liabilities to partners on account of their partnership interests and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

Tax Risks to Common Unitholders

Our tax treatment depends on our status as a partnership for federal income tax purposes, and not being subject to a material amount of entity-level taxation. If the Internal Revenue Service ("IRS"), were to treat us as a corporation for federal income tax purposes, or we become subject to entity-level taxation for state tax purposes, our cash available for distribution to our unitholders would be substantially reduced.

The anticipated after-tax economic benefit of an investment in our common units depends largely on us being treated as a partnership for U.S. federal income tax purposes. Despite the fact that we are organized as a limited partnership under Delaware law, we would be treated as a corporation for U.S. federal income tax purposes unless we satisfy a "qualifying income" requirement. Based upon our current operations and current Treasury Regulations, we believe we satisfy the qualifying income requirement.

Prior to our initial public offering, we requested and obtained a favorable private letter ruling from the IRS to the effect that, based on facts presented in the private letter ruling request, our income from the production, transportation, storage and marketing of ethylene and its co-products constitutes "qualifying income" within the meaning of Section 7704 of the Internal Revenue Code of 1986, as amended (the "Code"). However, no ruling has been or will be requested regarding our treatment as a partnership for U.S. federal income tax purposes. Failing to meet the qualifying income requirement or a change in current law could cause us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject us to taxation as an entity.

If we were treated as a corporation for federal income tax purposes, we would pay U.S. federal income tax on our taxable income at the corporate tax rate. Distributions to our unitholders would generally be taxed again as corporate distributions, and no income, gains, losses or deductions would flow through to our unitholders. Because a tax would be imposed upon us as a corporation, our cash available for distribution to our unitholders would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to our unitholders, likely causing a substantial reduction in the value of our common units.

Our partnership agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for U.S. federal, state, local or foreign income tax purposes, the minimum quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law or interpretation on us. At the state level, several states have been evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise or other forms of taxation. Specifically, we currently own assets and conduct business in Louisiana, Kentucky and Texas. Texas and Kentucky impose entity-level franchise or gross receipt taxes on partnerships. In the future, we may expand our operations. Imposition of similar entity-level taxes on us in Louisiana or other jurisdictions that we may expand to could substantially reduce our cash available for distribution to you.

The tax treatment of publicly traded partnerships or an investment in our units could be subject to potential legislative, judicial or administrative changes or differing interpretations, possibly applied on a retroactive basis.

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units, may be modified by administrative, legislative or judicial changes or differing interpretations at any time. From time to time, members of Congress have proposed and considered substantive changes to the existing U.S. federal income tax laws that would affect publicly traded partnerships, including elimination of partnership tax treatment for certain publicly traded partnerships. Any modification to the U.S. federal income tax laws may be applied retroactively and could make it more difficult or impossible for us to meet the exception for certain publicly traded partnerships to be treated as partnerships for U.S. federal income tax purposes. For example, the "Clean Energy for America Act," which is similar to legislation that was commonly proposed during the Obama Administration, was introduced in the Senate on May 2, 2019. If enacted, this proposal would, among other things, repeal the qualifying income exception within Section 7704(d)(1)(E) of the Code upon which we rely for our status as a partnership for U.S. federal income tax purposes.

On January 24, 2017, final regulations regarding which activities give rise to qualifying income within the meaning of Section 7704 of the Code (the "Final Regulations") were published in the Federal Register. The Final Regulations, consistent with our private letter ruling, treat our income from the production, transportation, storage and marketing of ethylene and its co-products constitutes as "qualifying income." There can be no assurance that there will not be further changes to U.S. federal income tax laws or the Treasury Department's interpretation of such income tax laws in a manner that could impact our ability to qualify as a publicly traded partnership in the future. We are unable to predict whether any changes or other proposals will ultimately be enacted. Any future legislative changes could negatively impact the value of an investment in our common units. You are urged to consult with your own tax advisor with respect to the status of regulatory or administrative developments and proposals and their potential effect on your investment in our common units.

If the IRS were to contest the federal income tax positions we take, it may adversely impact the market for our common units, and the costs of any such contest would reduce our cash available for distribution to our unitholders.

The IRS may adopt positions that differ from the positions we take. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take. A court may not agree with some or all of the positions we take. Any contest with the IRS may materially and adversely impact the market for our common units and the price at which they trade. Moreover, the costs of any contest between us and the IRS will result in a reduction in our cash available for distribution to our unitholders and thus will be borne indirectly by our unitholders.

If the IRS makes audit adjustments to our income tax returns for tax years beginning after December 31, 2017, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustments directly from us, in which case our cash available for distribution to our unitholders might be substantially reduced and our current and former unitholders may be required to indemnify us for any taxes (including any applicable penalties and interest) resulting from such audit adjustments that were paid on such unitholders behalf.

Pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the IRS makes audit adjustments to our income tax returns, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustments directly from us. To the extent possible under the new rules, our general partner may elect to either pay the taxes (including any applicable penalties and interest) directly to the IRS or, if we are eligible, issue a revised information statement to each unitholder and former unitholder with respect to an audited and adjusted return. Although our general partner may elect to have our unitholders and former unitholders take such audit adjustment into account and pay any resulting taxes (including applicable penalties or interest) in accordance with their interests in us during the tax year under audit, there can be no assurance that such election will be practical, permissible or effective in all circumstances. As a result, our current unitholders may bear some or all of the tax liability resulting from such audit adjustment, even if such unitholders did not own units in us during the tax year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties and interest, our cash available for distribution to our unitholders might be substantially reduced and our current and former unitholders may be required to indemnify us for any taxes (including any applicable penalties and interest) resulting from such audit adjustments that were paid on such unitholders behalf. These rules are not applicable for tax years beginning on or prior to December 31, 2017.

Even if unitholders do not receive any cash distributions from us, unitholders will be required to pay taxes on their share of our taxable income, including their share of income from the cancellation of debt.

Unitholders are required to pay federal income taxes and, in some cases, state and local income taxes, on unitholders' share of our taxable income, whether or not they receive cash distributions from us. Unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax due from them with respect to that income.

Tax gain or loss on the disposition of our common units could be more or less than expected.

If a unitholder sells common units, the unitholder will recognize a gain or loss equal to the difference between the amount realized and that unitholder's tax basis in those common units. Because distributions in excess of a unitholder's allocable share of our net taxable income decrease such unitholder's tax basis in its common units, the amount, if any, of such prior excess distributions with respect to the units a unitholder sells will, in effect, become taxable income to a unitholder if it sells such units at a price greater than its tax basis in those units, even if the price such unitholder receives is less than its original cost. In addition, because the amount realized includes a unitholder's share of our nonrecourse liabilities, if a unitholder sells its units, a unitholder may incur a tax liability in excess of the amount of cash received from the sale.

A substantial portion of the amount realized from a unitholder's sale of our units, whether or not representing gain, may be taxed as ordinary income to such unitholder due to potential recapture items, including depreciation recapture. Thus, a unitholder may recognize both ordinary income and capital loss from the sale of units if the amount realized on a sale of such units is less than such unitholder's adjusted basis in the units. Net capital loss may only offset capital gains and, in the case of individuals, up to \$3,000 of ordinary income per year. In the taxable period in which a unitholder sells its units, such unitholder may recognize ordinary income from our allocations of income and gain to such unitholder prior to the sale and from recapture items that generally cannot be offset by any capital loss recognized upon the sale of units.

Unitholders may be subject to limitation on their ability to deduct interest expense incurred by us.

In general, we are entitled to a deduction for interest paid or accrued on indebtedness properly allocable to our trade or business during our taxable year. However, under the Tax Cuts and Jobs Act, for taxable years beginning after December 31, 2017, our deduction for "business interest" is limited to the sum of our business interest income and 30% of our "adjusted taxable income." For the purposes of this limitation, our adjusted taxable income is computed without regard to any business interest expense or business interest income, and in the case of taxable years beginning before January 1, 2022, any deduction allowable for depreciation, amortization, or depletion to the extent such depreciation, amortization, or depletion is not capitalized into cost of goods sold with respect to inventory.

Tax-exempt entities face unique tax issues from owning our common units that may result in adverse tax consequences to them.

Investment in our common units by tax-exempt entities, such as employee benefit plans and individual retirement accounts (known as IRAs) raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from U.S. federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. With respect to taxable years beginning after December 31, 2017, subject to the proposed aggregation rules for certain similarly situated business or activities issued by the Treasury Department, a tax-exempt entity with more than one unrelated trade or business (including by attribution from investment in a partnership such as ours) is required to compute the unrelated business taxable income of such tax-exempt entity separately with respect to each such trade or business (including for purposes of determining any net operating loss deduction). As a result, for years beginning after December 31, 2017, it may not be possible for tax-exempt entities to utilize losses from an investment in our partnership to offset unrelated business taxable income from another unrelated trade or business and vice versa. Tax-exempt entities should consult a tax advisor before investing in our common units.

Non-U.S. Unitholders will be subject to U.S. taxes and withholding with respect to their income and gain from owning our units.

Non-U.S. unitholders are generally taxed and subject to income tax filing requirements by the United States on income effectively connected with a U.S. trade or business ("effectively connected income"). Income allocated to our unitholders and any gain from the sale of our units will generally be considered to be "effectively connected" with a U.S. trade or business. As a result, distributions to a non-U.S. unitholder will be subject to withholding at the highest applicable effective tax rate and a non-U.S. unitholder who sells or otherwise disposes of a unit will also be subject to U.S. federal income tax on the gain realized from the sale or disposition of that unit.

Moreover, the transferee of an interest in a partnership that is engaged in a U.S. trade or business is generally required to withhold 10% of the amount realized by the transferor unless the transferor certifies that it is not a foreign person, and we are required to deduct and withhold from the transferee amounts that should have been withheld by the transferees but were not withheld. Because the "amount realized" includes a partner's share of the partnership's liabilities, 10% of the amount realized could exceed the total cash purchase price for the units. However, pending the issuance of final regulations, the IRS has suspended the application of this withholding rule to transfers of publicly-traded interests in publicly-traded partnerships. If recently promulgated regulations are finalized as proposed, such regulations would provide, with respect to transfers of publicly-traded interests in publicly-traded partnerships effected through a broker, that the obligation to withhold is imposed on the transferor's broker and that a partner's "amount realized" does not include a partner's share of a publicly-traded partnership's liabilities for purposes of determining the amount subject to withholding. However, it is not clear when such regulations will be finalized and if they will be finalized in their current form.

We treat each purchaser of our common units as having the same tax benefits without regard to the common units actually purchased. The IRS may challenge this treatment, which could adversely affect the value of our common units.

Because we cannot match transferors and transferees of common units, we have adopted certain methods for allocating depreciation and amortization deductions that may not conform to all aspects of existing Treasury Regulations. A successful IRS challenge to the use of these methods could adversely affect the amount of tax benefits available to our unitholders. It also could affect the timing of these tax benefits or the amount of gain from any sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to a unitholder's tax returns.

We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.

We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month (the "Allocation Date"), instead of on the basis of the date a particular unit is transferred. Similarly, we generally allocate certain deductions for depreciation of capital additions, gain or loss realized on a sale or other disposition of our assets and, in the discretion of the general partner, any other extraordinary item of income, gain, loss or deduction based upon ownership on the Allocation Date. Treasury Regulations allow a similar monthly simplifying convention, but such regulations do not specifically authorize all aspects of our proration method. If the IRS were to challenge our proration method, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders.

A unitholder whose units are the subject of a securities loan (e.g., a loan to a "short seller" to cover a short sale of units) may be considered to have disposed of those units. If so, such unitholder would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition.

Because there are no specific rules governing the U.S. federal income tax consequence of loaning a partnership interest, a unitholder whose units are the subject of a securities loan may be considered to have disposed of the loaned units. In that case, the unitholder may no longer be treated for tax purposes as a partner with respect to those units during the period of the loan to the short seller and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan, any of our income, gain, loss or deduction with respect to those units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a securities loan are urged to consult a tax advisor to determine whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their units.

We have adopted certain valuation methodologies in determining a unitholder's allocations of income, gain, loss and deduction. The IRS may challenge these methodologies or the resulting allocations, which could adversely affect the value of our common units.

In determining the items of income, gain, loss and deduction allocable to our unitholders, we must routinely determine the fair market value of our assets. Although we may, from time to time, consult with professional appraisers regarding valuation matters, we make many fair market value estimates using a methodology based on the market value of our common units as a means to measure the fair market value of our assets. The IRS may challenge these valuation methods and the resulting allocations of income, gain, loss and deduction.

A successful IRS challenge to these methods or allocations could adversely affect the timing or amount of taxable income or loss being allocated to our unitholders. It also could affect the amount of gain recognized from the sale of our common units, have a negative impact on the value of our common units or result in audit adjustments to our unitholders' tax returns without the benefit of additional deductions.

Our unitholders will likely be subject to state and local taxes and income tax return filing requirements in jurisdictions where they do not live as a result of investing in our common units.

In addition to U.S. federal income taxes, our unitholders may be subject to other taxes, including foreign, state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we conduct business or own property now or in the future, even if they do not live in any of those jurisdictions. Our unitholders will likely be required to file foreign, state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions. Further, our unitholders may be subject to penalties for failure to comply with those requirements.

We currently own assets and conduct business in Kentucky, Louisiana and Texas. Kentucky and Louisiana currently impose a personal income tax on individuals, Kentucky and Texas impose an entity-level franchise or gross receipts tax on a variety of legal entities, and Kentucky and Louisiana impose a corporate income tax on corporations and other entities treated as corporations for federal income tax purposes. As we make acquisitions or expand our business, we may own assets or conduct business in additional states that impose similar taxes. It is our unitholders' responsibility to file all United States federal, foreign, state and local tax returns and pay any taxes due in these jurisdictions. Unitholders should consult with their own tax advisors regarding the filing of such tax returns, the payment of such taxes, and the deductibility of any taxes paid.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Information regarding our properties is contained in "Item 1. Business—OpCo's Assets" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Item 3. Legal Proceedings

In the ordinary conduct of our business, we and Westlake and Westlake's subsidiaries, including OpCo, are subject to periodic lawsuits, investigations and claims, including environmental claims and employee related matters. See the discussion of our environmental matters contained in "Item 1. Business—Environmental" and "Note 17 —Commitments and Contingencies", to the consolidated financial statements within this report. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, we do not believe that any currently pending legal proceeding or proceedings to which we or Westlake or any of our or Westlake's subsidiaries, including OpCo, are a party will have a material adverse effect on our business, results of operations, cash flows or financial condition. In addition, under the Omnibus Agreement, Westlake agreed to indemnify OpCo for certain environmental liabilities arising out of or occurring before the closing date of the IPO.

Item 4. Mine Safety Disclosure

Not Applicable.

PART II

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

Our Partnership Interests

Our common units are listed and traded on the New York Stock Exchange ("NYSE") under the symbol "WLKP." As of the close of business on February 21, 2020, based upon information received from our transfer agent, there were three holders of record of our common units.

We are a publicly traded partnership and are not subject to federal income tax. Instead, unitholders are required to report their allocable share of our income, gain, loss and deduction, regardless of whether we make distributions.

Following the Partnership's cash distribution for the second quarter of 2017, the requirement under the Partnership's partnership agreement for the conversion of all subordinated units was satisfied. As a result, effective August 30, 2017, the 12,686,115 subordinated units owned by Westlake were converted into common units on a one-for-one basis and thereafter participate on terms equal with all other common units in distributions of available cash.

Selected Information from our Partnership Agreement

Set forth below is a summary of the significant provisions of our partnership agreement that relate to cash distributions, minimum quarterly distributions and incentive distribution rights.

Cash Distribution Policy

Our partnership agreement provides that our general partner will make a determination as to whether to make a distribution, but our partnership agreement does not require us to pay distributions at any time or in any amount. Instead, the board of directors adopted a cash distribution policy in connection with the closing of the IPO that sets forth our general partner's intention with respect to the distributions to be made to unitholders. Pursuant to our cash distribution policy, within 60 days after the end of each quarter, we intend to make a minimum quarterly distribution of \$0.2750 per unit to the extent we have sufficient cash after establishment of cash reserves and payment of fees and expenses, including payments to our general partner and its affiliates.

The board of directors may change our cash distribution policy at any time and from time to time, and even if our cash distribution policy is not modified or revoked, the amount of distributions paid under our policy and the decision to make any distribution is determined by our general partner.

Operating Surplus and Capital Surplus

Any distribution we make is characterized as made from "operating surplus" or "capital surplus." Distributions from operating surplus are made differently than cash distributions we would make from capital surplus. Operating surplus distributions will be made to our unitholders and, if we make quarterly distributions above the first target distribution level described below, to the holder of our incentive distribution rights. We do not anticipate that we will make any distributions from capital surplus. In such an event, however, any capital surplus distribution would be made pro rata to all unitholders, but the incentive distribution rights would generally not participate in any capital surplus distributions. Any distribution of capital surplus would result in a reduction of the minimum quarterly distribution and target distribution levels and, if we reduce the minimum quarterly distribution to zero and eliminate any unpaid arrearages, thereafter capital surplus would be distributed as if it were operating surplus and the incentive distribution rights would thereafter be entitled to participate in such distributions. In determining operating surplus and capital surplus, we will only take into account our proportionate share of our consolidated subsidiaries that are not wholly owned, such as OpCo.

Minimum Quarterly Distribution

On July 27, 2018, the partnership agreement was amended to revise the minimum quarterly distribution thresholds for the Partnership's incentive distribution rights. The amended partnership agreement provides that the Partnership will distribute cash each quarter to all the unitholders, pro-rata, until each common unit has received a distribution of \$1.2938. If cash distributions to the Partnership's unitholders exceed \$1.2938 per common unit in any quarter, the Partnership's unitholders and Westlake, as the holder of the Partnership's incentive distribution rights, will receive distributions according to the percentage allocations per the amended partnership agreement. For more information on the Partnership's amended distribution allocation percentages, see Note 9 "Distributions and Net Income Per Limited Partner Unit" to the consolidated financial statements within this report.

General Partner Interests and Incentive Distribution Rights

Our general partner owns a non-economic general partner interest in us, which does not entitle it to receive cash distributions. However, our general partner may in the future own common units or other equity interests in us and will be entitled to receive distributions on any such interests. Incentive distribution rights represent the right to receive increasing percentages (15.0%, 25.0% and 50.0%) of quarterly distributions from operating surplus after the target distribution levels have been achieved. Westlake currently holds the incentive distribution rights, but may transfer these rights separately from its general partner interest.

Issuer Purchases of Equity Securities

None.

Item 6. Selected Financial Data

The following information should be read together with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this report.

	Year Ended December 31,				
	2019	2018	2017	2016	2015
	(in thousands of dollars, except unit amounts and per unit data)				
Statement of Operations Data:					
Net sales	\$ 1,091,871	\$ 1,285,622	\$ 1,172,981	\$ 986,736	\$ 1,007,221
Gross profit	379,428	377,159	403,667	391,331	382,882
Selling, general and administrative expenses	29,278	27,590	29,260	24,887	23,550
Income from operations	350,150	349,569	374,407	366,444	359,332
Interest expense	(19,623)	(21,433)	(21,861)	(12,607)	(4,967)
Other income, net	3,096	2,457	1,792	601	160
Income before income taxes	333,623	330,593	354,338	354,438	354,525
Provision for income taxes	728	22	1,280	1,035	672
Net income	\$ 332,895	\$ 330,571	\$ 353,058	\$ 353,403	\$ 353,853
Less: Net income attributable to noncontrolling interest in OpCo	271,914	281,224	304,388	312,463	314,022
Net income attributable to Westlake Chemical Partners LP and limited partners' interest in net income	\$ 60,981	\$ 49,347	\$ 48,670	\$ 40,940	\$ 39,831
Net income attributable to Westlake Chemical Partners LP per limited partner unit (basic and diluted)					
Common units	\$ 1.77	\$ 1.51	\$ 1.72	\$ 1.50	\$ 1.47
Subordinated units	\$ —	\$ —	\$ 1.43	\$ 1.50	\$ 1.47
Balance Sheet Data (end of period):					
Cash and cash equivalents	\$ 19,923	\$ 19,744	\$ 27,008	\$ 88,900	\$ 169,559
Working capital ⁽¹⁾	199,562	198,370	191,149	194,388	167,593
Total assets	1,393,456	1,462,125	1,515,276	1,555,228	1,290,349
Total debt	399,674	477,608	473,960	594,629	384,006
Partners' equity	952,135	934,081	998,749	920,963	847,167
Distributions per unit ⁽²⁾	\$ 1.84	\$ 1.66	\$ 1.48	\$ 1.32	\$ 1.18
Other Operating Data:					
Cash flow from:					
Operating activities	\$ 450,807	\$ 436,151	\$ 537,357	\$ 287,726	\$ 452,542
Investing activities	(57,707)	(51,812)	(203,229)	(299,481)	(231,185)
Financing activities	(392,921)	(391,603)	(396,020)	(68,904)	(185,548)
Depreciation and amortization	107,320	108,842	113,985	98,210	81,210
Capital expenditures	43,707	39,862	68,858	299,638	231,185
MLP distributable cash flow ⁽³⁾	73,181	60,024	54,700	32,405	37,730
EBITDA ⁽⁶⁾	\$ 460,566	\$ 460,868	\$ 490,184	\$ 465,255	\$ 440,702

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

(2) Distribution per unit represents cash distributions declared per common unit for the quarters ended March 31, June 30, September 30 and December 31.

(3) We use MLP distributable cash flow (a non-GAAP financial measure) to analyze our performance. 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 a numerical measure of a registrant's historical or future financial performance, financial position or cash flows that (1) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statements) of the registrant; or (2) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. We define distributable cash flow as net income plus depreciation, amortization and disposition of property, plant and equipment, less contributions for turnaround reserves, maintenance capital expenditures and mark-to-market adjustment on derivative contracts. We define MLP distributable cash flow as distributable cash flow less distributable cash flow attributable to Westlake's noncontrolling interest in OpCo and distributions attributable to the incentive distribution rights holder. MLP distributable cash flow does not reflect changes in working capital balances. MLP distributable cash flow is a non-GAAP supplemental financial measure that management and external users of our consolidated financial statements, such as industry analysts, investors, lenders and rating agencies, may use to assess:

- our operating performance as compared to other publicly traded partnerships;
- our ability to incur and service debt and fund capital expenditures; and
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.

MLP distributable cash flow is not a substitute for the GAAP measures of net income and net cash provided by operating activities. MLP distributable cash flow has important limitations as an analytical tool because it excludes some but not all items that affect net income and net cash provided by operating activities. It should be noted that other limited partnerships and companies calculate MLP distributable cash flows differently, and, therefore, MLP distributable cash flows as presented for us may not be comparable to MLP distributable cash flows reported by other partnerships and companies. The following table reconciles MLP distributable cash flow to net income and net cash provided by operating activities, the most directly comparable GAAP financial measures.

Reconciliation of MLP Distributable Cash Flow to Net Income and Net Cash Provided by Operating Activities

Year Ended December 31,

	2019	2018	2017	2016	2015
	(dollars in thousands)				
Net cash provided by operating activities	\$ 450,807	\$ 436,151	\$ 537,357	\$ 287,726	\$ 452,542
Loss from disposition of fixed assets	(515)	(1,849)	(3,033)	(3,021)	(1,812)
Changes in operating assets and liabilities and other	(117,397)	(103,731)	(181,266)	68,698	(96,877)
Net Income	332,895	330,571	353,058	353,403	353,853
Add:					
Depreciation, amortization and disposition of property, plant and equipment ⁽¹⁾	107,835	110,691	117,128	98,210	81,210
Mark-to-market adjustment loss on derivative contracts	1,301	62	—	—	—
Less:					
Contribution to turnaround reserves ⁽²⁾	(15,630)	(16,840)	(30,580)	(40,014)	(28,183)
Maintenance capital expenditures ⁽³⁾	(39,940)	(31,481)	(37,775)	(120,353)	(67,935)
Incentive distribution rights	—	(733)	(1,666)	(281)	—
Distributable cash flow attributable to noncontrolling interest in OpCo	(313,280)	(332,246)	(345,465)	(258,560)	(301,215)
MLP distributable cash flow	\$ 73,181	\$ 60,024	\$ 54,700	\$ 32,405	\$ 37,730

- (1) Higher depreciation, amortization and disposition of property, plant and equipment in 2019, 2018 and 2017, as compared to 2016, are primarily related to the increase in the property, plant and equipment and the turnaround deferred costs associated with the Lake Charles Petro 1 facility upgrade and expansion project that was completed in July 2016 and the Calvert City Olefins facility upgrade and capacity expansion project that was completed in April 2017.
- (2) Contribution to turnaround reserves is primarily driven by the turnaround cycle.
- (3) Lower maintenance capital expenditures in 2019, 2018 and 2017, as compared to 2016, are primarily related to the Lake Charles Petro 1 facility maintenance capital expenditures incurred in 2016.
- (4) 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 a numerical measure of a registrant's historical or future financial performance, financial position or cash flows that (1) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statements) of the registrant; or (2) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. We use EBITDA to analyze our performance. EBITDA is a non-GAAP supplemental financial measure that management and external users of our consolidated financial statements, such as industry analysts, investors, lenders and rating agencies, may use to assess:
- our operating performance as compared to other publicly traded partnerships;
 - our ability to incur and service debt and fund capital expenditures; and
 - the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.

EBITDA is not a substitute for the GAAP measures of net income, income from operations and net cash provided by operating activities. 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. The following table reconciles EBITDA to net income, income from operations and to cash flows from operating activities, the most directly comparable GAAP measures.

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

	Year Ended December 31,				
	2019	2018	2017	2016	2015
	(dollars in thousands)				
Net cash provided by operating activities	\$ 450,807	\$ 436,151	\$ 537,357	\$ 287,726	\$ 452,542
Loss from disposition of fixed assets	(515)	(1,849)	(3,033)	(3,021)	(1,812)
Changes in operating assets and liabilities and other	(117,397)	(103,731)	(181,266)	68,698	(96,877)
Net income	332,895	330,571	353,058	353,403	353,853
Less:					
Other income, net	3,096	2,457	1,792	601	160
Interest expense	(19,623)	(21,433)	(21,861)	(12,607)	(4,967)
Provision for income taxes	(728)	(22)	(1,280)	(1,035)	(672)
Income from operations	350,150	349,569	374,407	366,444	359,332
Add:					
Depreciation and amortization	107,320	108,842	113,985	98,210	81,210
Other income, net	3,096	2,457	1,792	601	160
EBITDA	\$ 460,566	\$ 460,868	\$ 490,184	\$ 465,255	\$ 440,702

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

Overview

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the accompanying consolidated financial statements, the notes thereto, and the other financial information appearing elsewhere in this report. The following discussion includes forward-looking statements that involve certain risks and uncertainties. See "Cautionary Statement Regarding Forward-Looking Statements" and "Item 1A. Risk Factors" in this report.

We are a Delaware limited partnership formed by Westlake to operate, acquire and develop ethylene production facilities and related assets. On August 4, 2014, we closed our initial public offering (the "IPO") of 12,937,500 common units. In connection with the IPO, we acquired a 10.6% interest in OpCo and a 100% interest in OpCo GP, which is the general partner of OpCo. On April 29, 2015, we purchased an additional 2.7% newly-issued limited partner interest in OpCo, resulting in an aggregate 13.3% limited partner interest in OpCo effective April 1, 2015. On September 29, 2017, we completed a secondary public offering of 5,175,000 common units and purchased an additional 5.0% newly-issued limited partner interest in OpCo, resulting in an aggregate 18.3% limited partner interest in OpCo, effective as of July 1, 2017. The 12,686,115 subordinated units of the Partnership, all of which were previously owned by Westlake, were converted into common units of the Partnership on August 30, 2017. On March 29, 2019, we completed a private placement of 2,940,818 common units and used the net proceeds to purchase an additional 4.5% interest in OpCo, effective January 1, 2019, resulting in us owning an aggregate 22.8% limited partner interest in OpCo.

Currently, our sole revenue generating asset is our 22.8% limited partner interest in OpCo, a limited partnership formed by Westlake and us in anticipation of the IPO to own and operate an ethylene production business. We control OpCo through our ownership of its general partner. Westlake retains the remaining 77.2% limited partner interest in OpCo as well as a significant interest in us through its ownership of our general partner, 40.1% of our limited partner units (consisting of 14,122,230 common units) and our incentive distribution rights. OpCo's assets include (1) two ethylene production facilities ("Petro 1" and "Petro 2" and, collectively, "Lake Charles Olefins") at Westlake's Lake Charles, Louisiana site; (2) one ethylene production facility ("Calvert City Olefins") at Westlake's Calvert City, Kentucky site; and (3) a 200-mile common carrier ethylene pipeline (the "Longview Pipeline") that runs from Mont Belvieu, Texas to Westlake's Longview, Texas facility.

How We Generate Revenue

We generate revenue primarily by selling ethylene and the resulting co-products we produce. OpCo and Westlake have entered into an ethylene sales agreement (the "Ethylene Sales Agreement") pursuant to which we generate a substantial majority of our revenue. The Ethylene Sales Agreement is a long-term, fee-based agreement with a minimum purchase commitment and includes variable pricing based on OpCo's actual feedstock and natural gas costs and estimated other costs of producing ethylene (including OpCo's estimated operating costs and a five-year average of OpCo's expected future maintenance capital expenditures and other turnaround expenditures based on OpCo's planned ethylene production capacity for the year), plus a fixed margin per pound of \$0.10 less revenue from co-products sales. Pursuant to the Ethylene Sales Agreement, Westlake's obligation to pay for the annual minimum commitment (95% of OpCo's budgeted ethylene production), which is measured at the end of the year, is generally not reduced for the first 45 days of a force majeure event, but is reduced for the portion of a force majeure event extending beyond the 45th day.

Westlake has an option to take 95% of volumes in excess of the minimum commitment on an annual basis under the Ethylene Sales Agreement if we produce more than our planned production. Under the Ethylene Sales Agreement, the price for the sale of such excess ethylene to Westlake is based on a formula similar to that used for the minimum purchase commitment, with the exception of certain fixed costs. In addition, under the Ethylene Sales Agreement, if production costs billed to Westlake on an annual basis are less than 95% of the actual production costs incurred by OpCo during the contract year, OpCo is entitled to recover the shortfall in such production costs (proportionate to the volume sold to Westlake) in the subsequent year ("Shortfall"). The Shortfall is recognized during the period in which the related operating, maintenance or turnaround activities occur.

We sell ethylene production in excess of volumes sold to Westlake, as well as all associated co-products resulting from the ethylene production, directly to third parties on either a spot or contract basis. Net proceeds (after transportation and other costs) from the sales of associated co-products that result from the production of ethylene purchased by Westlake are netted against the ethylene price charged to Westlake under the Ethylene Sales Agreement, thereby substantially reducing our exposure to fluctuations in the market prices of these co-products. During 2019, all the third-party ethylene and associated co-products sales generated 14.1% of our total revenues.

Under the Services and Secondment Agreement, OpCo uses a portion of its production capacity to process purge gas for Westlake. On August 4, 2016, OpCo and Westlake entered into an amendment to the Ethylene Sales Agreement in order to provide that certain of the pricing components that make up the price for ethylene sold thereunder would be modified to reflect the portion of OpCo's production capacity that is used to process Westlake's purge gas instead of producing ethylene and to clarify that costs specific to the processing of Westlake's purge gas would be recovered under the Services and Secondment Agreement, and not the Ethylene Sales Agreement.

Please refer to Note 2 to the consolidated financial statements included within this report for more information on the Ethylene Sales Agreement.

How We Source Feedstock

OpCo has entered into a 12-year feedstock supply agreement (the "Feedstock Supply Agreement") with Westlake Petrochemicals LLC, a wholly owned subsidiary of Westlake, under which Westlake Petrochemicals LLC supplies OpCo with ethane and other feedstocks that OpCo uses to produce ethylene under the Ethylene Sales Agreement. For its approximately five percent merchant sales, OpCo may purchase the ethane and other feedstocks to produce ethylene and resulting co-products to sell to unrelated third parties from Westlake Petrochemicals LLC.

Please refer to Note 2 to the consolidated financial statements included within this report for more information on the Feedstock Supply Agreement.

How We Evaluate Operations

Our management uses a variety of financial and operating metrics to analyze our performance. These metrics are significant factors in assessing our operating results and profitability and include: (1) production volumes, (2) operating and maintenance expenses, including turnaround costs, and (3) MLP distributable cash flow and EBITDA.

Production Volumes

The amount of profit we generate primarily depends on the volumes of ethylene and resulting co-products we are able to produce at Calvert City Olefins and Lake Charles Olefins. Although Westlake has committed to purchasing minimum volumes from us under the Ethylene Sales Agreement, our results of operations are impacted by our ability to:

- produce sufficient volumes of ethylene to meet our commitments under the Ethylene Sales Agreement or recover our estimated costs through the pricing provisions of the Ethylene Sales Agreement;
- contract with third parties for the remaining uncommitted production capacity;
- add or increase capacity at our existing production facilities, or add additional production capacity via organic expansion projects and acquisitions; and
- achieve or exceed the specified yield factors for natural gas, ethane and other feedstock under the Ethylene Sales Agreement.

Operating Expenses, Maintenance Capital Expenditures and Turnaround Costs

Our management seeks to maximize the profitability of our operations by effectively managing operating expenses, maintenance capital expenditures and turnaround costs. Our operating expenses are comprised primarily of feedstock costs and natural gas, labor expenses (including contractor services), utility costs (other than natural gas) and turnaround and maintenance expenses. With the exception of feedstock, including natural gas, and utilities-related expenses, operating expenses generally remain relatively stable across broad ranges of production volumes but can fluctuate from period to period depending on the circumstances, particularly maintenance and turnaround activities. Our maintenance capital expenditures and turnaround costs are comprised primarily of maintenance of our ethylene production facilities and the amortization of capitalized turnaround costs. These capital expenditures relate to the maintenance and integrity of our facilities. We capitalize the costs of major maintenance activities, or turnarounds, and amortize the costs over the period until the next planned turnaround of the affected facility.

Operating expenses, maintenance capital expenditures and turnaround costs are built into the price per pound of ethylene charged to Westlake under the Ethylene Sales Agreement. Because the expenses other than feedstock costs and natural gas are based on forecasted amounts and remain a fixed component of the price per pound of ethylene sold under the Ethylene Sales Agreement for any given 12-month period, our ability to manage operating expenses, maintenance expenditures and turnaround cost may directly affect our profitability and cash flows. The impact on profitability is partially mitigated by the fact that we recognize any Shortfall as revenue in the period such costs and expenses are incurred. We seek to manage our operating and maintenance expenses on our ethylene production facilities by scheduling maintenance and turnarounds over time to avoid significant variability in our operating margins and minimize the impact on our cash flows, without compromising our commitment to safety and environmental stewardship. In addition, we reserve cash on an annual basis from what we would otherwise distribute to minimize the impact of turnaround costs in the year of incurrence. The purchase price under the Ethylene Sales Agreement is not designed to cover capital expenditures for expansions.

MLP Distributable Cash Flow and EBITDA

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 a numerical measure of a registrant's historical or future financial performance, financial position or cash flows that (1) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statements) of the registrant; or (2) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. We use the non-GAAP measures of MLP distributable cash flow and EBITDA to analyze our performance. We define distributable cash flow as net income plus depreciation, amortization and disposition of property, plant and equipment, less contributions for turnaround reserves, maintenance capital expenditures and mark-to-market adjustment on derivative contracts. We define MLP distributable cash flow as distributable cash flow less distributable cash flow attributable to Westlake's noncontrolling interest in OpCo and distributions attributable to the incentive distribution rights holder. MLP distributable cash flow does not reflect changes in working capital balances. We define EBITDA as net income before interest expense, income taxes, depreciation and amortization. MLP distributable cash flow and EBITDA are non-GAAP supplemental financial measures that management and external users of our consolidated financial statements, such as industry analysts, investors, lenders and rating agencies, may use to assess:

- our operating performance as compared to other publicly traded partnerships;
- our ability to incur and service debt and fund capital expenditures; and
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.

MLP distributable cash flow is not a substitute for the GAAP measures of net income and net cash provided by operating activities. MLP distributable cash flow has important limitations as an analytical tool because it excludes some but not all items that affect net income and net cash provided by operating activities. EBITDA is not a substitute for the GAAP measures of net income, income from operations and net cash provided by operating activities. 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. Reconciliations for each of MLP distributable cash flow and EBITDA are included in Item 6. "Selected Financial Data" above.

Factors Affecting Our Business

Supply and Demand for Ethylene and Resulting Co-products

We generate a substantial majority of our revenue from the Ethylene Sales Agreement. This contract is intended to promote cash flow stability and minimize our direct exposure to commodity price fluctuations in the following ways: (1) the cost-plus pricing structure of the Ethylene Sales Agreement is expected to generate a fixed margin of \$0.10 per pound, adjusting automatically for changes in feedstock costs; and (2) Westlake is committed to purchase 95% of the annual planned output, subject to a maximum commitment of 3.8 billion pounds of ethylene per year, with an option to purchase an additional 95% of actual output in excess of the planned output on a contract year basis. As a result, our direct exposure to commodity price risk is limited to approximately 5% of our total ethylene production, which is that portion sold to third parties, assuming Westlake exercises its option to purchase 95% of the over production, as well as to our co-products sales.

We also have indirect exposure to commodity price fluctuations to the extent such fluctuations affect the ethylene consumption patterns of third-party purchasers. Demand for ethylene exhibits cyclical commodity characteristics as margins earned on ethylene derivative products are influenced by changes in the balance between supply and demand, the resulting operating rates and general economic activity. While we believe we have substantially mitigated our indirect exposure to commodity price fluctuations during the term of the Ethylene Sales Agreement through the minimum commitment and the cost-plus based pricing, our ability to execute our growth strategy in our areas of operation will depend, in part, on the demand for ethylene derivatives in the geographical areas served by our ethylene production facilities.

Results of Operations

The table below and descriptions that follow represent the consolidated results of operations of the Partnership for the years 2019, 2018 and 2017.

	Year Ended December 31,		
	2019	2018	2017
	(in thousands of dollars, except unit amounts and per unit data)		
Net sales—Westlake	\$ 937,625	\$ 1,074,957	\$ 973,081
Net co-products, ethylene and feedstock sales—third parties	154,246	210,665	199,900
Total net sales	1,091,871	1,285,622	1,172,981
Gross profit	379,428	377,159	403,667
Selling, general and administrative expenses	29,278	27,590	29,260
Income from operations	350,150	349,569	374,407
Other income (expense)			
Interest expense—Westlake	(19,623)	(21,433)	(21,861)
Other income, net	3,096	2,457	1,792
Income before income taxes	333,623	330,593	354,338
Provision for income taxes	728	22	1,280
Net income	\$ 332,895	\$ 330,571	\$ 353,058
Less: Net income attributable to noncontrolling interest in OpCo	271,914	281,224	304,388
Net income attributable to Westlake Chemical Partners LP and limited partners' interest in net income	\$ 60,981	\$ 49,347	\$ 48,670
Net income attributable to Westlake Chemical Partners LP per limited partner unit (basic and diluted)			
Common units	\$ 1.77	\$ 1.51	\$ 1.72
Subordinated units	\$ —	\$ —	\$ 1.43
Weighted average limited partner units outstanding (basic and diluted)			
Common units—public	20,365,828	18,118,628	14,270,240
Common units—Westlake	14,122,230	14,122,230	7,831,307
Subordinated units—Westlake	—	—	6,290,923
MLP distributable cash flow ⁽¹⁾	\$ 73,181	\$ 60,024	\$ 54,700
EBITDA ⁽¹⁾	\$ 460,566	\$ 460,868	\$ 490,184

	Year Ended December 31,			
	2019		2018	
	Average Sales Price	Volume	Average Sales Price	Volume
Product sales price and volume percentage change from prior year	-15.4 %	+0.3%	+6.0%	+3.6%

	Year Ended December 31,		
	2019	2018	2017
Average industry prices ⁽²⁾			
Ethane (cents/lb)	7.3	11.0	8.3
Propane (cents/lb)	12.7	20.8	18.1
Ethylene (cents/lb) ⁽³⁾	18.5	19.0	28.0

(1) See "Item 6. Selected Financial Data", for discussions on non-GAAP financial measures.

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

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

Summary

For the year ended December 31, 2019, net income was \$332.9 million on net sales of \$1,091.9 million, which was comparable to net income of \$330.6 million on net sales of \$1,285.6 million for the year ended December 31, 2018. Net income attributable to the Partnership in 2019 was \$61.0 million as compared to \$49.3 million in 2018, an increase of \$11.7 million, which was primarily due to a 4.5% increase in the Partnership's interest in OpCo, effective as of January 1, 2019, and higher third party sales margins. Net sales for 2019 decreased by \$193.7 million as compared to 2018 mainly due to decreased sales prices to Westlake per the terms of the Ethylene Sales Agreement. Income from operations was \$350.2 million for 2019, which was comparable to \$349.6 million for 2018.

2019 Compared with 2018

Net Sales. Net sales decreased by \$193.7 million, or 15.1%, to \$1,091.9 million in 2019 from \$1,285.6 million in 2018, primarily due to lower ethylene sales prices to Westlake per the terms of the Ethylene Sales Agreement. The overall decreased sales price in 2019 contributed to a 15.4% decrease in net sales, compared to 2018, which was mainly due to lower sales prices to Westlake per the terms of the Ethylene Sales Agreement and lower third party ethylene sales prices. Sales volumes in 2019 were comparable to 2018.

Gross Profit. Gross profit was \$379.4 million in 2019, which was comparable to gross profit of \$377.2 million in 2018. The gross profit margin was 34.7% in 2019 as compared to 29.3% in 2018. The higher 2019 gross profit margin was due to improved margins on third party sales, primarily due to lower feedstock costs, as compared to 2018.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by \$1.7 million, or 6.2%, to \$29.3 million in 2019 from \$27.6 million in 2018. The increase in 2019, as compared to 2018, was associated with the acquisition of the incremental interest in OpCo and increased general and administrative expense allocations, partially offset by a decrease in provision for doubtful accounts.

Interest Expense. Interest expense decreased by \$1.8 million to \$19.6 million in 2019 from \$21.4 million in 2018, largely due to a lower average debt balance resulting from the partial repayment of borrowings under the OpCo Revolver in April 2019 and a decrease in the applicable margin on the OpCo Revolver from 3% to 2% effective September 25, 2018, partially offset by a higher interest rate on debt due to an increase in the London Interbank Offered Rate ("LIBOR") in 2019.

Other Income, net. Other income, net increased by \$0.6 million in 2019, as compared to 2018, primarily due to an increase in interest income earned under the Investment Management Agreement.

Provision for Income Taxes. Provision for income taxes increased to \$0.73 million in 2019 as compared to \$0.02 million in 2018. The increase was mainly attributable to a tax benefit in 2018 due to a revaluation of the state deferred income tax liability as a result of a decrease in state tax apportionment.

MLP Distributable Cash Flow. MLP distributable cash flow increased by \$13.2 million to \$73.2 million in 2019 from \$60.0 million in 2018. The increase in MLP distributable cash flow as compared to 2018 was primarily a result of the 4.5% increase in the Partnership's interest in OpCo, effective as of January 1, 2019, as well as higher third party sales margins, partially offset by higher maintenance capital expenditures.

EBITDA. EBITDA for 2019 was \$460.6 million, which was comparable to 2018 EBITDA of \$460.9 million.

2018 Compared with 2017

Net Sales. Net sales increased by \$112.6 million, or 9.6%, to \$1,285.6 million in 2018 from \$1,173.0 million in 2017, primarily due to higher sales volumes to Westlake and third parties, higher ethylene sales prices to Westlake and higher pipeline services fee income, partially offset by lower third party ethylene sales prices. The overall increase in sales volumes for 2018 contributed to a 3.6% increase in net sales, as compared to 2017, which was mainly due to higher sales volumes to Westlake and third parties and higher pipeline services fees income. The average sales price contributed to an increase in net sales by 6.0% in 2018 compared to 2017, primarily as a result of higher sales prices to Westlake per the terms of the Ethylene Sales Agreement, partially offset by lower third party ethylene sales prices.

Gross Profit. Gross profit decreased to \$377.2 million in 2018 from \$403.7 million in 2017. The gross profit margin was 29.3% in 2018 as compared to 34.4% in 2017. The 2018 gross profit margin was lower mainly due to lower third party ethylene sales prices and higher feedstock costs, partially offset by overall higher sales volumes to Westlake and third parties as a result of higher overall production at OpCo's facilities and higher pipeline services fee income, as compared to 2017.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased by \$1.7 million, or 5.8%, to \$27.6 million in 2018 from \$29.3 million in 2017. The decrease was mainly attributable to lower service costs, partially offset by an increase in professional consulting fees in 2018, as compared to 2017.

Interest Expense. Interest expense decreased by \$0.5 million to \$21.4 million in 2018 from \$21.9 million in 2017, largely due to a lower average debt balance in 2018, mostly offset by a higher interest rate on debt due to an increase in the London Interbank Offered Rate ("LIBOR") in 2018. The lower debt balance was due to the partial repayment of borrowings under the OpCo Revolver and full repayment of the August 2013 Promissory Notes during the third quarter of 2017.

Other Income. The increase in other income in 2018 as compared to 2017 was primarily due to the interest income related to the investment management agreement entered into in August 2017 between the Partnership, OpCo and Westlake that authorized Westlake to invest the Partnership's and OpCo's excess cash with Westlake ("Investment Management Agreement").

Provision for Income Taxes. Provision for income taxes decreased to \$0.02 million in 2018 as compared to \$1.3 million in 2017. The decrease was mainly attributable to the revaluation of state deferred income tax liability as a result of a decrease in state tax apportionment.

MLP Distributable Cash Flow. MLP distributable cash flow increased by \$5.3 million to \$60.0 million in 2018 from \$54.7 million in 2017. The increase in MLP distributable cash flow as compared to 2017 was primarily due to the 5% increase in the Partnership's interest in OpCo, effective as of July 1, 2017, an increase in overall production at OpCo's facilities, lower maintenance capital expenditures and the elimination of the Partnership's distributions to Westlake as the holder of the Partnership's incentive distribution rights per the July 2018 amendment to the Partnership's target distribution tiers, partially offset by lower margins on third party sales.

EBITDA. EBITDA decreased by \$29.3 million to \$460.9 million in 2018 from \$490.2 million in 2017. The decrease in EBITDA, as compared to 2017, was primarily due to lower third party ethylene sales prices, partially offset by higher sales volumes as a result of higher overall production at OpCo's facilities.

Cash Flows

Operating Activities

Operating activities provided cash of \$450.8 million in 2019 compared to cash provided of \$436.2 million in 2018. The \$14.6 million increase in cash flows from operating activities was mainly due to a decrease in use of cash in working capital during 2019 as compared to 2018. Changes in components of working capital, which we define for the purposes of this cash flow discussion as accounts receivable—Westlake, accounts receivable, net—third parties, inventories, prepaid expenses and other current assets less accounts payable—Westlake, accounts payable—third parties and accrued liabilities, provided cash of \$11.7 million in 2019 as compared to \$4.3 million of cash used in 2018, resulting in an overall favorable change of \$16.0 million. This change was due to a favorable change in third party and Westlake accounts receivable, accounts payable and accrued liabilities in 2019 as compared to 2018, primarily resulting from lower ethylene sales prices and feedstock costs.

Operating activities provided cash of \$436.2 million in 2018 compared to cash provided of \$537.4 million in 2017. The \$101.2 million decrease in cash flows from operating activities was mainly due to lower operating income and an increase in use of cash in working capital during 2018 as compared to 2017. Changes in components of working capital, which we define for the purposes of this cash flow discussion as accounts receivable—Westlake, accounts receivable, net—third parties, inventories, prepaid expenses and other current assets less accounts payable—Westlake, accounts payable—third parties and accrued liabilities, used cash of \$4.3 million in 2018 as compared to \$78.3 million of cash provided in 2017, resulting in an overall unfavorable change of \$82.6 million. This change was primarily due to the unfavorable change in the Westlake accounts receivable balance in 2018 as compared to 2017. The unfavorable change was primarily due to the recovery of the Shortfall and a buyer deficiency fee in 2017 that were recognized in 2016 as accounts receivable from Westlake.

Investing Activities

Net cash used for investing activities during 2019 was \$57.7 million as compared to net cash used for investing activities of \$51.8 million in 2018, mainly due to increased net cash used under the Investment Management Agreement in 2019, as compared to 2018. During 2019, we invested \$529.4 million with Westlake, and \$515.4 million of such investments matured. Capital expenditures were \$43.7 million in 2019 compared to \$39.9 million in 2018. Capital expenditures during 2019 and 2018 were primarily related to projects to improve production capacity or reduce costs, maintenance and safety and environmental projects at OpCo's facilities.

Net cash used for investing activities during 2018 was \$51.8 million as compared to net cash used for investing activities of \$203.2 million in 2017, mainly due to lower net cash invested with Westlake under the Investment Management Agreement and lower capital expenditures in 2018, as compared to 2017. During 2018, we invested \$384.0 million with Westlake and maturities of such investments were \$372.1 million. Capital expenditures were \$39.9 million in 2018 compared to \$68.9 million in 2017. Capital expenditures during 2018 were primarily related to planned and unplanned outages at our facilities while those in 2017 primarily reflected capital expenditures incurred for the Calvert City expansion project.

Financing Activities

Net cash used for financing activities during 2019 was \$392.9 million as compared to net cash used for financing activities of \$391.6 million in 2018. The cash inflows during 2019 were a result of borrowings under the MLP Revolver of \$123.5 million and net proceeds from the private placement of common units of approximately \$62.7 million. The outflows during 2019 were related to partial repayments of borrowings under the OpCo Revolver of \$201.4 million and the distribution of \$315.6 million to Westlake and of \$62.1 million to other unitholders by the Partnership.

Net cash used for financing activities during 2018 was \$391.6 million as compared to net cash used for financing activities of \$396.0 million in 2017. The cash outflows during 2018 were related to the distribution of \$341.9 million to Westlake and of \$53.4 million to other unitholders by the Partnership. The distributions in 2018 were partially offset by borrowings under the OpCo Revolver of \$3.6 million.

Liquidity and Capital Resources

Liquidity and Financing Arrangements

On March 29, 2019, we completed the private placement of 2,940,818 common units at a price of \$21.40 per unit. Net proceeds from the issuance of these common units were approximately \$62.7 million.

Pursuant to the terms of the ATM Agreement, the Partnership may offer and sell the Partnership's common units from time to time to or through the Managers, as the Partnership's sales agents or as principals, having an aggregate offering amount of up to \$50.0 million. The Partnership intends to use the net proceeds of sales of the common units, if any, for general partnership purposes, including the funding of potential drop-downs and other acquisitions.

Based on the terms of our cash distribution policy, we expect that we will distribute to our partners most of the excess cash generated by our operations. To the extent we do not generate sufficient cash flow to fund capital expenditures, we expect to fund them primarily from external sources, including borrowing directly from Westlake, as well as future issuances of equity and debt interests.

The Partnership maintains separate bank accounts, but Westlake continues to provide treasury services on our behalf under the Services and Secondment Agreement. Our sources of liquidity include cash generated from operations, the OpCo Revolver, the MLP Revolver and, if necessary and possible under then current market conditions, the issuance of additional equity interests or debt. We believe that cash generated from these sources will be sufficient to meet our short-term working capital requirements and long-term capital expenditure requirements and to make quarterly cash distributions. Westlake may also provide other direct and indirect financing to us from time to time, although it is not required to do so.

In order to fund non-annual turnaround expenditures, we cause OpCo to reserve approximately \$30.0 million during each twelve-month period for turnaround activities. Each of OpCo's ethylene production facilities requires turnaround maintenance approximately every five years. By reserving additional cash annually, we intend to reduce the variability in OpCo's cash flow. Westlake's purchase price for ethylene purchased under the Ethylene Sales Agreement includes a component (adjusted annually) designed to cover, over the long term, substantially all of OpCo's turnaround expenditures.

Our cash is generated from cash distributions from OpCo. OpCo is a restricted subsidiary under certain indentures governing Westlake's senior notes. The indentures governing Westlake's senior notes prevent OpCo from making distributions to us if any default or event of default (as defined in the indentures) exists. Westlake's credit facility does not prevent OpCo from making distributions to us.

We, OpCo and Westlake are parties to an Investment Management Agreement that authorizes Westlake to invest the Partnership's and OpCo's excess cash with Westlake for a term of up to a maximum of nine months. Per the terms of the Investment Management Agreement, cash invested with Westlake earns a market return plus five basis points and Westlake provides daily availability of the invested cash to meet any liquidity needs of the Partnership or OpCo.

On January 24, 2020, the board of directors of Westlake Chemical Partners GP LLC, our general partner, approved a quarterly distribution of \$0.4714 per unit payable on February 18, 2020 to unitholders of record on February 3, 2020, which equates to approximately \$16.6 million per quarter, or approximately \$66.4 million per year in aggregate, based on the number of common units outstanding on December 31, 2019. We do not have a legal or contractual obligation to pay distributions on a quarterly basis or any other basis at our minimum quarterly distribution rate or any other rate.

Capital Expenditures

Westlake has historically funded expansion capital expenditures related to Lake Charles Olefins and Calvert City Olefins. During the year ended December 31, 2018, Westlake loaned OpCo \$3.6 million to fund capital expenditures. No funding was required by OpCo to fund its capital expenditures during 2019. We expect that Westlake will loan additional cash to OpCo to fund its expansion capital expenditures in the future, but Westlake is under no obligation to do so.

Cash and Cash Equivalents

As of December 31, 2019, our cash and cash equivalents totaled \$19.9 million. In addition, we have cash invested under the Investment Management Agreement and a revolving credit facility with Westlake available to supplement cash if needed, as described under "Indebtedness" below.

As described above, we, OpCo and Westlake are parties to an Investment Management Agreement that authorizes Westlake to invest the Partnership's and OpCo's excess cash with Westlake for a term of up to a maximum of nine months. The Partnership had \$162.8 million of cash invested under the Investment Management Agreement at December 31, 2019.

Indebtedness

OpCo Revolver

In connection with the IPO, OpCo entered into a \$600.0 million revolving credit facility with Westlake ("OpCo Revolver") that may be used to fund growth projects and working capital needs. On April 30, 2019, the Partnership repaid \$201.4 million of borrowings under the OpCo Revolver. As of December 31, 2019, outstanding borrowings under the OpCo Revolver totaled \$22.6 million and bore interest at the LIBOR rate plus 2.0%, which is accrued in arrears quarterly. On September 25, 2018, the OpCo Revolver was amended to extend the scheduled maturity date from August 4, 2019 to September 25, 2023 and to revise the applicable margin from 3% to 2%.

MLP Revolver

In 2015, we entered into a senior, unsecured revolving credit agreement with an affiliate of Westlake (as subsequently amended, the "MLP Revolver"). The MLP Revolver has a borrowing capacity of \$600.0 million and is scheduled to mature in 2021. On March 29, 2019, the Partnership borrowed \$123.5 million under the MLP Revolver to partially fund the purchase of an additional 4.5% interest in OpCo. Borrowings under the MLP Revolver bear interest at LIBOR plus a spread ranging from 2.0% to 3.0% (depending on our consolidated leverage ratio), payable quarterly. The MLP Revolver provides that we 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. The MLP Revolver requires that we maintain a consolidated leverage ratio of either (1) during any one-year period following certain types of acquisitions (including acquisitions of additional interests in OpCo), 5.50:1.00 or less, or (2) during any other period, 4.50:1.00 or less. The MLP Revolver also contains certain other customary covenants. The repayment of borrowings under the MLP Revolver is subject to acceleration upon the occurrence of an event of default. As of December 31, 2019, the outstanding borrowings under the MLP Revolver totaled \$377.1 million. We intend to use the MLP Revolver to purchase additional limited partnership interests in OpCo in the future, in the event OpCo desires to sell such additional interests to us, for other acquisitions and for general corporate purposes.

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, 2019 relating to long-term debt, interest payments, operating leases and purchase obligations 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.

	Payment Due by Period				
	Total	2020	2021-2022	2023-2024	Thereafter
	(dollars in millions)				
Contractual Obligations					
Total Debt:					
Principal ⁽¹⁾	\$ 399.7	\$ —	\$ 377.1	\$ 22.6	\$ —
Interest ⁽²⁾	24.0	16.4	6.9	0.7	—
Operating leases ⁽³⁾	2.1	0.9	1.2	—	—
Purchase obligations ⁽⁴⁾	13.2	13.2	—	—	—
Total	\$ 439.0	\$ 30.5	\$ 385.2	\$ 23.3	\$ —

(1) *Long-Term Debt.* Long-term debt consists of the OpCo Revolver and MLP Revolver.

(2) *Interest Payments.* Interest payments are based on interest rates in effect at December 31, 2019.

(3) *Operating Leases.* Represent noncancelable operating leases with respect to rail cars that are subleased to OpCo and two site lease agreements for various periods. Pursuant to the site lease agreements, OpCo leases the real property underlying Lake Charles Olefins and Calvert City Olefins. OpCo is also granted rights to access and use certain other portions of Westlake's production facilities that are necessary to operate OpCo's ethylene production facilities. OpCo owes Westlake one dollar per site per year. Each of the site lease agreements has a term of 50 years.

(4) *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 the Services and Secondment Agreement, in the ordinary course of our business, as well as various purchase commitments for our capital projects.

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, goodwill impairment 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 consolidated financial statements. 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 U.S. 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 three to 40 years. Depreciation and amortization of these assets, including amortization of deferred turnaround costs, under the straight-line method over their estimated useful lives totaled \$107.3 million, \$108.8 million and \$114.0 million in 2019, 2018 and 2017, 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 \$1.2 million, \$0.1 million and \$9.6 million in 2019, 2018 and 2017, respectively. Amortization in 2019, 2018 and 2017 of previously deferred turnaround costs was \$17.3 million, \$20.1 million and \$22.8 million, respectively. As of December 31, 2019, deferred turnaround costs, net of accumulated amortization, totaled \$40.4 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 7 to the audited consolidated financial statements included within this report.

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 derivative instruments. We use all available information to make these fair value determinations, including the engagement of third-party consultants. At December 31, 2019, recorded goodwill was \$5.8 million, all of which was associated with the acquisition of the Longview Pipeline as part of the acquisition of Westlake's Longview production facilities. In addition, we record all derivative instruments at fair value. The fair value of the 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 or unobservable inputs that are not corroborated by market data.

Goodwill impairment. Goodwill is evaluated 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. We perform our annual impairment assessment in October. We may elect to perform an optional qualitative assessment to determine whether a quantitative impairment analysis is required. The qualitative assessment considers factors such as macroeconomic conditions, industry and market considerations, cost factors related to raw materials and labor, current and projected financial performance, changes in management or strategy, and market capitalization. Alternatively, we may unconditionally elect to bypass the qualitative assessment and perform a quantitative goodwill impairment assessment in any period. Significant assumptions used in the discounted cash flow projection impairment assessment for goodwill include sales volumes based on production capacities. The future cash flows are discounted to present value using a discount rate. 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. We elected to perform the quantitative assessment during 2019, and such assessment did not indicate impairment of the goodwill. Under the discounted cash flow methodology, even if the fair value of OpCo decreased by 10%, the carrying value of OpCo would not exceed its fair value.

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 Item 1. Business—Environmental and in Note 17 to the consolidated financial statements included within this report.

The Partnership has conditional asset retirement obligations for the removal and disposal of hazardous materials and the remediation of the cause of any such release from certain of the Partnership'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 Partnership's financial condition, results of operations or cash flows in any individual reporting period.

Recent Accounting Pronouncements

See Note 1 to the consolidated financial statements included within this report 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 the Partnership's products and raw materials are commodities whose prices fluctuate as market supply and demand fundamentals change. However, our direct exposure to commodity price risk is limited to approximately 5% of our total ethylene production, which is the portion sold to third parties. We believe we have substantially mitigated our indirect exposure to commodity price fluctuation during the term of the Ethylene Sales Agreement through the minimum commitment and the cost-plus based pricing. Additionally, we may use short-term derivative instruments to reduce price volatility risk on feedstocks and ethylene associated with the production and sales to third parties. We entered into some of these agreements in 2018 and 2019. Based on our open derivative positions as of December 31, 2019, a hypothetical \$0.10 increase in the price of a gallon of ethane would have increased our income before taxes by \$3.9 million and a hypothetical \$0.10 decrease in the price of a pound of ethylene would have increased our income before taxes by \$9.3 million.

Interest Rate Risk

We are exposed to interest rate risk with respect to our outstanding debt, all of which is variable rate debt. At December 31, 2019, we had variable rate debt of \$399.7 million outstanding, all of which was owed to wholly-owned subsidiaries of Westlake, and accrues interest at a variable rate of LIBOR plus 200 basis points. The interest rate contract with Westlake to fix the LIBOR component of the interest rate for a portion of the MLP Revolver, which was entered into in August 2015, expired in August 2018. The weighted average variable interest rate of our debt as of December 31, 2019 was 4.1%. We will continue to be subject to interest rate risk with respect to our variable rate debt as well as the risk of higher interest cost if and when this debt is refinanced. A hypothetical increase in our average interest rate on variable rate debt by 100 basis points would increase our annual interest expense by approximately \$4.0 million, based on the December 31, 2019 debt balance.

LIBOR is used as a reference rate for all of our outstanding variable rate debt as of December 31, 2019. LIBOR is set to be phased out at the end of 2021. We are currently reviewing how the LIBOR phase-out will affect us, but we do not expect the impact to be material.

Item 8. Financial Statements and Supplementary Data

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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 consolidated financial statements or notes thereto.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Westlake Chemical Partners LP (the "Partnership") is responsible for establishing and maintaining adequate internal control over financial reporting. The Partnership'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.

The management of the Partnership assessed the effectiveness of the Partnership's internal control over financial reporting as of December 31, 2019. 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, Partnership's management has concluded that the Partnership's internal control over financial reporting was effective as of December 31, 2019 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, 2019 as stated in their report that appears on the following page.

Report of Independent Registered Public Accounting Firm

To the Partners of Westlake Chemical Partners LP and
Board of Directors of Westlake Chemical Partners GP LLC

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Westlake Chemical Partners LP and its subsidiaries (the "Partnership") as of December 31, 2019 and 2018, and the related consolidated statements of operations, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2019, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Partnership's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Partnership's management is responsible for these consolidated financial statements, 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 the Partnership's consolidated financial statements and on the Partnership's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. 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.

Definition and Limitations of Internal Control over Financial Reporting

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 28, 2020

We have served as the Partnership's auditor since 2014.

**WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED BALANCE SHEETS**

	December 31, 2019	December 31, 2018
	(in thousands of dollars, except unit amounts)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 19,923	\$ 19,744
Receivable under the Investment Management Agreement—Westlake Chemical Corporation ("Westlake")	162,773	148,956
Accounts receivable, net—Westlake	42,847	57,280
Accounts receivable, net—third parties	9,914	16,404
Inventories	2,484	4,388
Prepaid expenses and other current assets	470	370
Total current assets	238,411	247,142
Property, plant and equipment, net	1,102,995	1,148,265
Goodwill	5,814	5,814
Deferred charges and other assets, net	46,236	60,904
Total assets	\$ 1,393,456	\$ 1,462,125
LIABILITIES		
Current liabilities		
Accounts payable—Westlake	\$ 15,201	\$ 27,477
Accounts payable—third parties	6,141	5,045
Accrued and other liabilities	17,507	16,250
Total current liabilities	38,849	48,772
Long-term debt payable to Westlake	399,674	477,608
Deferred income taxes	1,649	1,664
Other liabilities	1,149	—
Total liabilities	441,321	528,044
Commitments and contingencies (Note 17)		
EQUITY		
Common unitholders—publicly and privately held (21,072,315 and 18,125,141 units issued and outstanding at December 31, 2019 and December 31, 2018, respectively)	471,736	409,608
Common unitholder—Westlake (14,122,230 and 14,122,230 units issued and outstanding at December 31, 2019 and December 31, 2018, respectively)	48,350	48,774
General partner—Westlake	(242,572)	(242,572)
Total Westlake Chemical Partners LP partners' capital	277,514	215,810
Noncontrolling interest in Westlake Chemical OpCo LP ("OpCo")	674,621	718,271
Total equity	952,135	934,081
Total liabilities and equity	\$ 1,393,456	\$ 1,462,125

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

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2019	2018	2017
	(in thousands of dollars, except unit amounts and per unit data)		
Revenue			
Net sales—Westlake	\$ 937,625	\$ 1,074,957	\$ 973,081
Net co-products, ethylene and other sales—third parties	154,246	210,665	199,900
Total net sales	1,091,871	1,285,622	1,172,981
Cost of sales	712,443	908,463	769,314
Gross profit	379,428	377,159	403,667
Selling, general and administrative expenses	29,278	27,590	29,260
Income from operations	350,150	349,569	374,407
Other income (expense)			
Interest expense—Westlake	(19,623)	(21,433)	(21,861)
Other income, net	3,096	2,457	1,792
Income before income taxes	333,623	330,593	354,338
Provision for income taxes	728	22	1,280
Net income	332,895	330,571	353,058
Less: Net income attributable to noncontrolling interest in OpCo	271,914	281,224	304,388
Net income attributable to Westlake Chemical Partners LP and limited partners' interest in net income	\$ 60,981	\$ 49,347	\$ 48,670
Net income attributable to Westlake Chemical Partners LP per limited partner unit (basic and diluted)			
Common units	\$ 1.77	\$ 1.51	\$ 1.72
Subordinated units	\$ —	\$ —	\$ 1.43
Weighted average limited partner units outstanding (basic and diluted)			
Common units—publicly and privately held	20,365,828	18,118,628	14,270,240
Common units—Westlake	14,122,230	14,122,230	7,831,307
Subordinated units—Westlake	—	—	6,290,923

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

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<i>Partnership</i>						Noncontrolling Interest in OpCo	Total
	Common Unitholders - Public and Privately Held	Common Unitholder - Westlake	Subordinated Unitholder - Westlake	General Partner - Westlake	Accumulated Other Comprehensive Income			
	(in thousands of dollars)							
Balances at December 31, 2016	\$ 297,367	\$ 4,813	\$ 42,534	\$ (242,430)	\$ 200	\$ 818,479	\$ 920,963	
Net income	23,743	9,934	13,327	1,666	—	304,388	353,058	
Net effect of cash flow hedge	—	—	—	—	79	—	79	
Proceeds from secondary public offering, net of finance and other offering costs	110,698	—	—	—	—	—	110,698	
Subordinated unit conversion	—	42,352	(42,352)	—	—	—	—	
Quarterly distribution to unitholders	(20,580)	(6,834)	(13,509)	(1,194)	—	—	(42,117)	
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	—	—	(343,932)	(343,932)	
Balances at December 31, 2017	\$ 411,228	\$ 50,265	\$ —	\$ (241,958)	\$ 279	\$ 778,935	\$ 998,749	
Net income	27,320	21,294	—	733	—	281,224	330,571	
Net effect of cash flow hedge	—	—	—	—	(279)	—	(279)	
Units issued for vested phantom units	291	—	—	—	—	—	291	
Quarterly distribution to unitholders	(29,231)	(22,785)	—	(1,347)	—	—	(53,363)	
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	—	—	(341,888)	(341,888)	
Balances at December 31, 2018	\$ 409,608	\$ 48,774	\$ —	\$ (242,572)	\$ —	\$ 718,271	\$ 934,081	
Net income	35,978	25,003	—	—	—	271,914	332,895	
Units issued for vested phantom units	146	—	—	—	—	—	146	
Net proceeds from private placement of common units	62,661	—	—	—	—	—	62,661	
Quarterly distribution to unitholders	(36,657)	(25,427)	—	—	—	—	(62,084)	
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	—	—	(315,564)	(315,564)	
Balances at December 31, 2019	\$ 471,736	\$ 48,350	\$ —	\$ (242,572)	\$ —	\$ 674,621	\$ 952,135	

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

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2019	2018	2017
	(in thousands of dollars)		
Cash flows from operating activities			
Net income	\$ 332,895	\$ 330,571	\$ 353,058
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	107,320	108,842	113,985
Loss from disposition of property, plant and equipment	515	1,849	3,033
Other gains, net	(459)	(347)	(1,040)
Changes in operating assets and liabilities			
Accounts receivable—third parties	6,934	1,470	(6,146)
Net accounts receivable—Westlake	2,358	(442)	84,652
Inventories	1,126	1,202	(1,656)
Prepaid expenses and other current assets	(100)	(56)	(45)
Accounts payable	421	(4,476)	1,442
Accrued and other liabilities	985	(1,974)	(9)
Other, net	(1,188)	(488)	(9,917)
Net cash provided by operating activities	<u>450,807</u>	<u>436,151</u>	<u>537,357</u>
Cash flows from investing activities			
Additions to property, plant and equipment	(43,707)	(39,862)	(68,858)
Maturities of investments with Westlake under the Investment Management Agreement	515,445	372,050	62,828
Investments with Westlake under the Investment Management Agreement	(529,445)	(384,000)	(199,000)
Other	—	—	1,801
Net cash used for investing activities	<u>(57,707)</u>	<u>(51,812)</u>	<u>(203,229)</u>
Cash flows from financing activities			
Net proceeds from private placement of common units	62,661	—	110,698
Proceeds from debt payable to Westlake	123,511	3,648	165,257
Repayment of debt payable to Westlake	(201,445)	—	(285,926)
Quarterly distributions to noncontrolling interest retained in OpCo by Westlake	(315,564)	(341,888)	(343,932)
Quarterly distributions to unitholders	(62,084)	(53,363)	(42,117)
Net cash used for financing activities	<u>(392,921)</u>	<u>(391,603)</u>	<u>(396,020)</u>
Net increase (decrease) in cash and cash equivalents	179	(7,264)	(61,892)
Cash and cash equivalents at beginning of the year	19,744	27,008	88,900
Cash and cash equivalents at end of the year	<u>\$ 19,923</u>	<u>\$ 19,744</u>	<u>\$ 27,008</u>

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

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of dollars, except unit amounts and per unit data)

1. Description of Business and Significant Accounting Policies

Description of Business

Westlake Chemical Partners LP ("Westlake Chemical Partners LP" or the "Partnership") is a Delaware limited partnership formed in March 2014 to operate, acquire and develop ethylene production facilities and related assets. On August 4, 2014, the Partnership completed its initial public offering (the "IPO") of 12,937,500 common units representing limited partner interests.

In connection with the IPO, the Partnership acquired a 10.6% interest in Westlake Chemical OpCo LP ("OpCo") and a 100% interest in Westlake Chemical OpCo GP LLC ("OpCo GP"), which is the general partner of OpCo. OpCo owns three ethylene production facilities and a common carrier ethylene pipeline (collectively, the "Contributed Assets"). As of December 31, 2018, the Partnership had an aggregate 18.3% limited partner interest in OpCo. On March 29, 2019, the Partnership purchased an additional 4.5% newly-issued limited partner interest in OpCo for approximately \$201,445, resulting in an aggregate 22.8% limited partner interest in OpCo, effective January 1, 2019. The remaining 77.2% limited partner interest in OpCo is owned by Westlake Chemical Corporation. References to "Westlake" refer collectively to Westlake Chemical Corporation and its subsidiaries, other than the Partnership, OpCo and OpCo GP.

OpCo and Westlake entered into an ethylene sales agreement (the "Ethylene Sales Agreement") pursuant to which the Partnership generates a substantial majority of its revenue. For more information, see Note 2.

The Partnership sells ethylene production in excess of volumes sold to Westlake, as well as all of the co-products resulting from the ethylene production, including propylene, crude butadiene, pyrolysis gasoline and hydrogen, directly to third parties on either a spot or contract basis. Co-products sold to third parties are transported by rail or truck. Net proceeds (after transportation and other costs) from the sales of ethylene co-products that result from the production of ethylene purchased by Westlake are netted against the ethylene price charged to Westlake under the Ethylene Sales Agreement, thereby reducing the Partnership's exposure to fluctuations in the market prices of these co-products.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with the accounting principles generally accepted in the United States.

The Partnership holds a 22.8% limited partner interest and the entire non-economic general partner interest in OpCo. The remaining 77.2% limited partner interest in OpCo is owned directly by Westlake, which has no rights to direct the activities that most significantly impact the economic performance of OpCo. As a result of the fact that substantially all of OpCo's activities are conducted on behalf of Westlake, and the fact that OpCo exhibits disproportionality of voting rights to economic interest, OpCo was deemed to be a variable interest entity. The Partnership, through its ownership of OpCo's general partner, has the power to direct the activities that most significantly impact the economic performance of OpCo, and it also has the obligation or right to absorb losses or receive benefits from OpCo that could potentially be significant to OpCo. As such, the Partnership was determined to be OpCo's primary beneficiary and therefore consolidates OpCo's results of operations and financial position. Westlake's retained interest of 77.2% is recorded as noncontrolling interest in the Partnership's consolidated financial statements.

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.

Allowance for Doubtful Accounts

The determination of the allowance for doubtful accounts is based on estimation of the amount of accounts receivable that the Partnership believes are unlikely to be collected. Estimating this amount requires analysis of the financial strength of the Partnership's customers, the use of historical experience, the Partnership's accounts receivable aged trial balance and specific collectability 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 collectability.

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

Inventories

Inventories primarily include product, material and supplies. Inventories are stated at the lower of cost or net realizable value. 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.

Interest expense is capitalized for qualifying assets under construction. Capitalized interest costs are included in property, plant and equipment and are depreciated over the useful life of the related asset. Capitalized interest was \$0, \$175 and \$435 for the years ended December 31, 2019, 2018 and 2017. Repair and maintenance costs are charged to operations as incurred. Gains and losses on the disposal or retirement of property, plant and equipment are reflected in the 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 Partnership has conditional asset retirement obligations for the removal and disposal of hazardous materials from certain of the Partnership'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 Partnership'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	40
Plant and equipment	25
Ethylene pipeline	35
Other	3-15

Impairment of Long-Lived Assets

The accounting guidance for the impairment or disposal of long-lived assets requires that the Partnership assess long-lived assets for impairment 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. Other factors considered by the Partnership when determining if an impairment assessment is necessary include, but are not limited to, 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 and uncertainties associated with governmental actions. 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 Goodwill and Intangible Assets

The accounting guidance requires that goodwill be 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 impairment test for the recorded goodwill was performed in October 2019 and did not indicate impairment of the goodwill. 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, 2019, the Partnership's recorded goodwill was \$5,814. See Note 6 for more information on the Partnership's annual goodwill impairment test.

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

Turnaround Costs

The Partnership 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.

Concentration of Credit Risk

Financial instruments which potentially subject the Partnership to concentration of risk consist principally of trade receivables from third-party customers who purchase ethylene and ethylene co-products. The Partnership performs periodic credit evaluations, as applicable, of the customers' financial condition and generally does not require collateral. The Partnership maintains allowances for potential losses, as applicable.

Revenue Recognition

Revenue is recognized when OpCo transfers control of inventories to customers. Amounts recognized as revenues reflect the consideration to which OpCo expects to be entitled in exchange for those inventories. The Partnership and OpCo incorporate production volume and production cost forecasts in the estimated transaction prices from sales to Westlake under the Ethylene Sales Agreement.

The Partnership recognizes revenue and accounts receivable upon transferring control of inventories to its customers. Ethylene sold to Westlake under the Ethylene Sales Agreement is transferred to Westlake immediately after production and recognized in sales. Control of inventories sold to third parties generally transfers upon shipment to the customer. The Partnership excludes taxes collected on behalf of customers from the estimated contract price. Provisions for discounts, rebates and returns are incorporated in the estimate of variable consideration and reflected as reduction to revenue in the same period as the related sales.

The Partnership does not disclose the value of unsatisfied performance obligations because its contracts with customers (1) have an original expected duration of one year or less or (2) have only variable consideration which is allocated to wholly unsatisfied performance obligations that is calculated based on market prices at a specified date and is allocated to wholly unsatisfied performance obligations.

The Partnership generates a substantial majority of its revenue from sales to Westlake under the Ethylene Sales Agreement. The Ethylene Sales Agreement is intended to generate a long-term, fixed cash margin per pound. Partnership's direct commodity price risk is limited to the sales to third parties. See the Partnership's consolidated statement of operations for the disaggregation of net sales to Westlake and net sales to third parties.

Prior to the adoption of ASU No. 2014-09, Revenue from Contracts with Customers ("ASC 606"), on January 1, 2018, the revenue was recognized when persuasive evidence of an arrangement existed, products were delivered to the customer, the sales price was fixed or determinable, and collectability was reasonably assured. Title and risk of loss had passed to the customer upon delivery under executed customer purchase orders or contracts.

Transportation and Freight

Amounts billed to customers for freight and handling costs on outbound shipments are included in net sales in the consolidated statements of operations. Transportation and freight costs incurred by the Partnership on outbound shipments are included in cost of sales in the consolidated statements of operations.

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

Derivative Instruments

The accounting guidance for derivative instruments and hedging activities requires that the Partnership 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.

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 Partnership's best estimate of its final pro rata share of the liability.

Income Taxes

The Partnership is a limited partnership and is treated as a partnership for U.S. federal income tax purposes and, therefore, is not liable for entity-level federal income taxes. The Partnership is, however, subject to state and local income taxes. 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 on a separate tax return basis.

Segment Reporting

The Partnership only operates one segment (ethylene production) and all of its operations are located in the United States.

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 Comprehensive Income

The Partnership has not reported consolidated statements of comprehensive income for the years ended December 31, 2019, 2018 and 2017 due to immateriality of the components of other comprehensive income.

Recent Accounting Pronouncements*Credit Losses (ASU No. 2016-13)*

In June 2016, the FASB issued an accounting standards update providing new guidance for the accounting for credit losses on loans and other financial instruments. The new guidance introduces an approach based on expected losses to estimate credit losses on trade receivables and certain types of financial instruments. The standard also modifies the impairment model for available-for-sale debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The accounting standard is effective for reporting periods beginning after December 15, 2019 and is not expected to have a material impact on the Partnership's consolidated financial position, results of operations and cash flows.

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

Fair Value Measurement (ASU No. 2018-13)

In August 2018, the FASB issued an accounting standards update to modify the disclosure requirements on fair value measurements. The amendments are effective for reporting periods beginning after December 15, 2019. An entity is permitted to early adopt any removed or modified disclosures and delay adoption of the additional disclosures until the effective date. Most amendments should be applied retrospectively but certain amendments should be applied prospectively. The new accounting guidance is not expected to have a material impact on the Partnership's consolidated financial position, results of operations and cash flows.

Recently Adopted Accounting Standards

Leases (ASU No. 2016-02)

In February 2016, the FASB issued an accounting standards update on lease accounting that supersedes the previously issued lease guidance. The new standard requires lessees to recognize assets and liabilities for all long-term operating leases. An asset is recognized for the right to use an underlying leased asset and a liability is recognized for the obligation to make payments over the lease term. The standard also requires expanded lease disclosures. The standard requires a modified retrospective adoption approach and allows for the election of certain transition expedients.

The Partnership adopted the standard effective January 1, 2019 using the optional transition method, which allows entities to recognize a cumulative adjustment to the opening balance sheet in the period of adoption. The Partnership elected the package of optional transition expedients and was not required to reassess (1) whether any existing contracts are or contain leases, (2) classification of existing leases as operating or capital or (3) whether initial direct costs for existing leases qualify for capitalization under the new accounting standard. The Partnership did not elect the use of hindsight to determine the lease term when considering lease renewal or termination options. Adoption of the new standard did not have a material impact on the Partnership's consolidated financial position, results of operations and cash flows.

2. Agreements with Westlake and Related Parties

Ethylene Sales Agreement

OpCo has entered into a 12-year ethylene sales agreement with Westlake (the "Ethylene Sales Agreement"). The Ethylene Sales Agreement requires Westlake to purchase a minimum volume of ethylene each year equal to 95% of OpCo's planned ethylene production per year (the "Minimum Commitment"), subject to certain exceptions and a maximum commitment of 3.8 billion pounds per year. So long as Westlake is not in default under the Ethylene Sales Agreement, if OpCo's actual production exceeds planned production, Westlake has the option to purchase up to 95% of the excess production (the "Excess Production Option").

The fee for each pound of ethylene purchased by Westlake from OpCo up to the Minimum Commitment in any calendar year will equal:

- the actual price OpCo pays Westlake to purchase ethane (or other feedstock, such as propane, if applicable) to produce each pound of ethylene, subject to a specified cap and a floor on the amount of feedstock that should be needed to produce each pound of ethylene; plus
- the actual price OpCo pays Westlake to purchase natural gas to produce each pound of ethylene, subject to a specified cap and a floor on the amount of natural gas that should be needed to produce each pound of ethylene; plus
- OpCo's estimated operating costs (including selling, general and administrative expenses), divided by OpCo's planned ethylene production for the year (in pounds); plus
- a five-year average of OpCo's expected future maintenance capital expenditures and other turnaround expenditures, divided by OpCo's planned ethylene production capacity for the year (in pounds); less
- the proceeds (on a per pound of ethylene basis) received by OpCo from the sale of co-products (including, but not limited to, propylene, crude butadiene, pyrolysis gasoline and hydrogen) associated with producing the ethylene purchased by Westlake; plus
- a \$0.10 per pound margin.

The fee for the Excess Production Option, if exercised, equals OpCo's estimated variable operating costs of producing the incremental ethylene, net of revenues from co-products sales plus a \$0.10 per pound margin.

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

The estimated operating costs and the expected future maintenance capital expenditures and other turnaround expenditures will be adjusted at the end of each year, to be applicable for the fee for the next calendar year, to reflect certain changes in forecasted costs.

The result of the fee structure is that OpCo should recover the portion of its total operating costs and maintenance capital expenditures and other turnaround expenditures corresponding to the portion of OpCo's aggregate production that is purchased by Westlake. Any shortfall in recovery of such costs is recognized during the current year and is recoverable from Westlake in the subsequent year.

The Ethylene Sales Agreement has an initial term extending until December 31, 2026 and automatically renews thereafter for successive 12-month terms unless terminated.

Under the Ethylene Sales Agreement OpCo has the option to curtail up to approximately 5% of its ethylene production annually in the event OpCo reasonably determines that its sales of such ethylene to third parties during the relevant period would be uneconomic.

Feedstock Supply Agreement

OpCo has entered into a feedstock supply agreement with Westlake, pursuant to which Westlake sells to OpCo ethane and other feedstock in amounts sufficient for OpCo to produce the ethylene to be sold under the Ethylene Sales Agreement (the "Feedstock Supply Agreement"). The Feedstock Supply Agreement provides that OpCo may obtain feedstock from Westlake based on Westlake's total cost of purchasing and delivering the feedstock, including applicable transportation, storage and other costs. Title and risk of loss for all feedstock purchased by OpCo through the Feedstock Supply Agreement passes to OpCo upon delivery to one of three delivery points described in the Feedstock Supply Agreement.

The Feedstock Supply Agreement has an initial term extending until December 31, 2026 and automatically renews thereafter for successive 12-month terms unless terminated by either party; provided, however, that such agreement can only be renewed in the event the Ethylene Sales Agreement is renewed simultaneously. The Feedstock Supply Agreement may, in certain circumstances, terminate concurrently with the termination of the Ethylene Sales Agreement.

Services and Secondment Agreement

OpCo has entered into a Services and Secondment Agreement with Westlake, pursuant to which OpCo provides Westlake with certain services required for the operation of Westlake's facilities; and Westlake provides OpCo with comprehensive operating services for OpCo's facilities, ranging from services relating to the maintenance and operations of the common facilities necessary for the operation of OpCo's units, to making available certain shared utilities such as electricity and natural gas that are necessary for the operation of OpCo's units. Westlake also seconded employees to OpCo to allow OpCo to operate its facilities. Such seconded employees are under the control of OpCo while they work on OpCo's facilities.

The Services and Secondment Agreement has an initial 12-year term. The Services and Secondment Agreement may be renewed thereafter upon agreement of the parties and shall automatically terminate if the Ethylene Sales Agreement terminates under certain circumstances. Westlake and OpCo each can terminate the Services and Secondment Agreement under certain circumstances, including if the other party materially defaults on the performance of its obligations and such default continues for a 30-day period.

Site Lease Agreements

OpCo has entered into two site lease agreements with Westlake pursuant to which Westlake leases to OpCo the real property underlying Lake Charles Olefins and Calvert City Olefins, respectively, and grants OpCo rights to access and use certain other portions of Westlake's ethylene production facilities that are necessary to operate OpCo's production facilities. OpCo owes Westlake one dollar per site per year. The site lease agreements each have a term of 50 years. Each of the site lease agreements may be renewed if agreed by the parties.

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

Omnibus Agreement

The Partnership has entered into an Omnibus Agreement with Westlake that addresses (1) Westlake's indemnification of the Partnership for certain matters, including environmental and tax matters, (2) the provision by Westlake of certain management and other general and administrative services to the Partnership and its general partner and (3) the Partnership's reimbursement to Westlake for such services. The Omnibus Agreement also addresses Westlake's right of first refusal on any proposed transfer of the ethylene production facilities that serve Westlake's other facilities and Westlake's right of first refusal on any proposed transfer of the Partnership's equity interests in OpCo.

Exchange Agreement

OpCo and Westlake are parties to an exchange agreement, which continues on an annual basis, unless and until terminated by either party. Under the exchange agreement, OpCo may require Westlake to deliver up to 200 million pounds of ethylene for OpCo per year from the Site Leases to an ethylene hub in Mt. Belvieu, Texas, for which OpCo would be required to pay an exchange fee of \$0.006 per pound.

OpCo Partnership Agreement

The Partnership, OpCo GP and Westlake are parties to an agreement of limited partnership for OpCo (the "OpCo LP Agreement"). The OpCo LP Agreement governs the ownership and management of OpCo and designates OpCo GP as the general partner.

of OpCo. OpCo GP generally has complete authority to manage OpCo's business and affairs. The Partnership controls OpCo GP, as its sole member, subject to certain approval rights held by Westlake.

Investment Management Agreement

The Partnership, OpCo and Westlake are parties to an Investment Management Agreement that authorizes Westlake to invest the Partnership and OpCo's excess cash with Westlake for a term of up to a maximum of nine months. Per the terms of the Investment Management Agreement, the Partnership earns a market return plus five basis points and Westlake provides daily availability of the invested cash to meet any liquidity needs of the Partnership or OpCo. The Partnership had \$162,773 of invested cash under the Investment Management Agreement at December 31, 2019.

3. Accounts Receivable—Third Parties

Accounts receivable—third parties consist of the following:

	December 31,	
	2019	2018
Trade customers	\$ 9,730	\$ 17,325
Allowance for doubtful accounts	(476)	(921)
Other receivables	660	—
Accounts receivable, net—third parties	<u>\$ 9,914</u>	<u>\$ 16,404</u>

4. Inventories

Inventories consist of the following:

	December 31,	
	2019	2018
Finished products	\$ 2,154	\$ 3,876
Feedstock, additives and chemicals	330	512
Inventories	<u>\$ 2,484</u>	<u>\$ 4,388</u>

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

5. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	December 31,	
	2019	2018
Building and improvements	\$ 17,426	\$ 17,426
Plant and equipment	1,825,332	1,804,684
Other	97,402	88,077
	1,940,160	1,910,187
Less: Accumulated depreciation	(882,768)	(795,167)
	1,057,392	1,115,020
Construction in progress	45,603	33,245
Property, plant and equipment, net	\$ 1,102,995	\$ 1,148,265

Depreciation expense on property, plant and equipment of \$89,454, \$88,197 and \$91,154 is included in cost of sales in the consolidated statements of operations for the years ended December 31, 2019, 2018 and 2017, respectively.

6. Goodwill

The Partnership's goodwill balance was \$5,814 at December 31, 2019 and 2018. The impairment assessment for the recorded goodwill was performed in October 2019 and did not indicate impairment of the goodwill. The fair value of the goodwill was calculated using both a discounted cash flow methodology and a market value methodology. The discounted cash flow projections were based on a ten-year forecast, from 2020 to 2029, to reflect the cyclical nature of the Partnership's business. The forecast was based on prices and spreads projected by IHS Markit, a chemical industry organization offering market and business advisory services for the chemical market, for the same period, and estimates by management, including their strategic and operational plans. Other significant assumptions used in the discounted cash flow projection included sales volumes based on production capacities. The future cash flows were discounted to present value using a discount rate of 9.5%. 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.

7. Deferred Charges and Other Assets

Deferred charges and other assets, net consist of the following:

	Year Ended December 31,	
	2019	2018
Turnaround costs, net	\$ 40,416	\$ 56,533
Other	5,820	4,371
Total deferred charges and other assets	\$ 46,236	\$ 60,904

Amortization expense on other assets of \$17,866, \$20,645 and \$22,831 is included in the consolidated statements of operations for the years ended December 31, 2019, 2018 and 2017, respectively. Certain other assets are amortized over periods ranging from five to fifteen years using the straight-line method.

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

8. Long-Term Debt

Long-term debt consists of the following:

	December 31,	
	2019	2018
OpCo Revolver (variable interest rate of London Interbank Offered Rate ("LIBOR") plus 2.0%, scheduled maturity of September 25, 2023)	\$ 22,619	\$ 224,064
MLP Revolver (variable interest rate of LIBOR plus 2.0%, scheduled maturity of April 29, 2021)	377,055	253,544
Long-term debt payable to Westlake	<u>\$ 399,674</u>	<u>\$ 477,608</u>

On August 4, 2014, OpCo entered into a \$600,000 senior unsecured revolving credit facility agreement with Westlake (as subsequently amended, the "OpCo Revolver"). The OpCo Revolver is scheduled to mature on September 25, 2023 and bears interest at a rate of LIBOR plus 2.0%, which may be paid-in-kind as an addition to the principal at OpCo's option. On April 30, 2019, the Partnership repaid \$201,445 of borrowings under the OpCo Revolver.

On April 29, 2015, the Partnership entered into a \$300,000 revolving credit facility agreement with an affiliate of Westlake (as subsequently amended, the "MLP Revolver") to fund the Partnership's purchase of an additional 2.7% newly-issued, limited partner interest in OpCo for \$135,341. The MLP Revolver is scheduled to mature on April 29, 2021. In 2017, the Partnership entered into an amendment to the MLP Revolver credit agreement, increasing borrowing capacity from \$300,000 to \$600,000. The MLP Revolver bears interest at LIBOR plus a spread ranging from 2.0% to 3.0% (depending on the Partnership's consolidated leverage ratio), payable quarterly. The MLP Revolver provides that the Partnership 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. The MLP Revolver requires that the Partnership maintain a consolidated leverage ratio of either (1) during any one-year period following certain types of acquisitions (including acquisitions of additional interests in OpCo), 5.50:1.00 or less, or (2) during any other period, 4.50:1.00 or less. The MLP Revolver also contains certain other customary covenants. The repayment of borrowings under the MLP Revolver is subject to acceleration upon the occurrence of an event of default. On March 29, 2019, the Partnership borrowed \$123,511 under the MLP Revolver to partially fund the purchase of the additional 4.5% interest in OpCo.

As of December 31, 2019, the Partnership was in compliance with all of the covenants under the OpCo Revolver and the MLP Revolver.

The weighted average interest rate on all long-term debt was 4.10% and 4.40% at December 31, 2019 and 2018, respectively.

As of December 31, 2019, the Partnership had no scheduled maturities of long-term debt until 2021. The OpCo Revolver is scheduled to mature on September 25, 2023, and the MLP Revolver is scheduled to mature on April 29, 2021.

9. Distributions and Net Income Per Limited Partner Unit

On January 24, 2020, the board of directors of Westlake Chemical Partners GP LLC ("Westlake GP"), the Partnership's general partner, declared a quarterly cash distribution for the period from October 1, 2019 to December 31, 2019 of \$0.4714 per common unit. This distribution was paid on February 18, 2020 to unitholders of record on February 3, 2020.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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Distributions are declared subsequent to quarter end; therefore, the table below represents total cash distributions declared from earnings of the related periods pertaining to such distributions.

	Year Ended December 31		
	2019	2018	2017
Net income attributable to the Partnership	\$ 60,981	\$ 49,347	\$ 48,670
Less:			
Limited partners' distribution declared on common units	64,718	53,516	34,909
Limited partners' distribution declared on subordinated units	—	—	9,133
Distributions declared with respect to the incentive distribution rights	—	733	1,666
(Distribution in excess of net income) net income in excess of distribution	\$ (3,737)	\$ (4,902)	\$ 2,962

Net income per unit applicable to common limited partner units and to subordinated limited partner units is computed by dividing the respective limited partners' interest in net income by the weighted-average number of common units and subordinated units outstanding for the period. Because the Partnership has more than one class of participating securities, it uses the two-class method when calculating the net income per unit applicable to limited partners. The classes of participating securities include common units, subordinated units and incentive distribution rights. Net income attributable to the Partnership is allocated to the unitholders in accordance with their respective ownership percentages in preparation of the consolidated statements of changes in equity. However, when distributions related to the incentive distribution rights are made, net income equal to the amount of those distributions is first allocated to the general partner before the remaining net income is allocated to the unitholders based on their respective ownership percentages. Basic and diluted net income per unit is the same because the Partnership does not have any potentially dilutive units outstanding for the periods presented.

As discussed further in Note 10, the 12,686,115 subordinated units, all of which were owned by Westlake, were converted into common units effective August 30, 2017. For purposes of calculating net income per unit, the subordinated units were treated as if they had been converted to common units on July 1, 2017. Therefore, the subordinated units did not share in the distribution of cash generated from July 1, 2017 to December 31, 2017, and the Partnership did not allocate any earnings to the subordinated unitholders from July 1, 2017 to December 31, 2017 for the determination of net income per unit.

	December 31, 2019		
	Limited Partners' Common Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:			
Distribution	\$ 64,718	\$ —	\$ 64,718
Distribution in excess of net income	(3,737)	—	(3,737)
Net income	\$ 60,981	\$ —	\$ 60,981
Weighted average units outstanding:			
Basic and diluted	34,488,058		34,488,058
Net income per limited partner unit:			
Basic and diluted	\$ 1.77		

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	December 31, 2018		
	Limited Partners' Common Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:			
Distribution	\$ 53,516	\$ 733	\$ 54,249
Distribution in excess of net income	(4,902)	—	(4,902)
Net income	<u>\$ 48,614</u>	<u>\$ 733</u>	<u>\$ 49,347</u>
Weighted average units outstanding:			
Basic and diluted	<u>32,240,858</u>		<u>32,240,858</u>
Net income per limited partner unit:			
Basic and diluted	<u>\$ 1.51</u>		

	December 31, 2017			
	Limited Partners' Common Units	Limited Partners' Subordinated Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:				
Distribution	\$ 34,909	\$ 9,133	\$ 1,666	\$ 45,708
(Distribution in excess of net income) net income in excess of distribution	3,101	(139)	—	2,962
Net income	<u>\$ 38,010</u>	<u>\$ 8,994</u>	<u>\$ 1,666</u>	<u>\$ 48,670</u>
Weighted average units outstanding:				
Basic and diluted	<u>22,101,547</u>	<u>6,290,923</u>		<u>28,392,470</u>
Net income per limited partner unit:				
Basic and diluted	<u>\$ 1.72</u>	<u>\$ 1.43</u>		

The amended Partnership Agreement provides that the Partnership will distribute cash each quarter to all the unitholders, pro rata, until each unit has received a distribution of \$1.2938. If cash distributions to the Partnership's unitholders exceed \$1.2938 per common unit in any quarter, the Partnership's unitholders and Westlake, as the holder of the Partnership's incentive distribution rights, will receive distributions according to the following percentage allocations:

Total Quarterly Distribution Per Unit	Marginal Percentage Interest in Distributions	
	Unitholders	IDR Holders
Above \$1.2938 up to \$1.4063	85.0%	15.0%
Above \$1.4063 up to \$1.6875	75.0%	25.0%
Above \$1.6875	50.0%	50.0%

The Partnership's distribution for the three months ended December 31, 2019 did not exceed the \$1.2938 per unit threshold, and, as a result, no distribution was made with respect to the Partnership's incentive distribution rights to Westlake, as the holder of the Partnership' incentive distribution rights.

Distribution Per Common Unit

Distributions per common unit for the years ended December 31, 2018, 2018 and 2017 were as follows:

	Year Ended December 31,		
	2019	2018	2017
Distributions per common unit	<u>\$ 1.8005</u>	<u>\$ 1.6134</u>	<u>\$ 1.4405</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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10. Partners' Equity

Following the Partnership's cash distribution for the second quarter of 2017, the requirement under the Partnership Agreement for the conversion of all subordinated units was satisfied. As a result, effective August 30, 2017, the 12,686,115 subordinated units owned by Westlake were converted into common units on a one-for-one basis and thereafter participate on terms equal with all other common units in distributions of available cash.

On September 29, 2017, the Partnership completed its secondary offering of 5,175,000 common units at a price of \$22.00 per unit. Net proceeds to the Partnership from the sale of the units were \$110,739, net of underwriting discounts, structuring fees and estimated offering expenses of approximately \$3,111.

On October 4, 2018, the Partnership and Westlake Chemical Partners GP LLC, the general partner of the Partnership, entered into an Equity Distribution Agreement with UBS Securities LLC, Barclays Capital Inc., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., RBC Capital Markets, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC to offer and sell the Partnership's common units, from time to time, up to an aggregate offering amount of \$50,000. No common units were issued under this program as of December 31, 2019.

On March 29, 2019, the Partnership completed the issuance and sale of 2,940,818 common units at a price of \$21.40 per unit through a private placement. Net proceeds to the Partnership from the sale of the units were approximately \$62,661. TTWF LP, Westlake's principal stockholder and a related party, acquired 1,401,869 common units out of 2,940,818 common units issued in the private placement.

11. Related Party Transactions

The Partnership and OpCo regularly enter into related party transactions with Westlake. See below for a description of transactions with related parties.

Sales to Related Parties

OpCo sells ethylene to Westlake under the Ethylene Sales Agreement. Additionally, the Partnership and OpCo from time to time provide other services or products for which it charges Westlake a fee.

Sales to related parties were as follows:

	Year Ended December 31,		
	2019	2018	2017
Net sales—Westlake	\$ 937,625	\$ 1,074,957	\$ 973,081

Under the Services and Secondment Agreement, OpCo uses a portion of its production capacity to process purge gas for Westlake. On August 4, 2016, OpCo and Westlake entered into an amendment to the Ethylene Sales Agreement in order to provide that certain of the pricing components that make up the price for ethylene sold thereunder would be modified to reflect the portion of OpCo's production capacity that is used to process Westlake's purge gas instead of producing ethylene and to clarify that costs specific to the processing of Westlake's purge gas would be recovered under the Services and Secondment Agreement, and not the Ethylene Sales Agreement.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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Cost of Sales from Related Parties

Charges for goods and services purchased by the Partnership and OpCo from Westlake and included in cost of sales relate primarily to feedstock purchased under the Feedstock Supply Agreement and services provided under the Services and Secondment Agreement.

Charges from related parties in cost of sales were as follows:

	Year Ended December 31,		
	2019	2018	2017
Feedstock purchased from Westlake and included in cost of sales	\$ 366,031	\$ 556,362	\$ 425,255
Other charges from Westlake and included in cost of sales	106,564	114,364	96,813
Total	\$ 472,595	\$ 670,726	\$ 522,068

Services from Related Parties Included in Selling, General and Administrative Expenses

Charges for services purchased by the Partnership from Westlake and included in selling, general and administrative expenses primarily relate to services Westlake performs on behalf of the Partnership under the Omnibus Agreement, including the Partnership's finance, legal, information technology, human resources, communication, ethics and compliance and other administrative functions.

Charges from related parties included within selling, general and administrative expenses were as follows:

	Year Ended December 31,		
	2019	2018	2017
Services received from Westlake and included in selling, general and administrative expenses	\$ 26,946	\$ 24,618	\$ 27,262

Goods and Services from Related Parties Capitalized as Assets

Charges for goods and services purchased by the Partnership and OpCo from Westlake which were capitalized as assets relate primarily to the services of Westlake employees under the Services and Secondment Agreement.

Charges from related parties for goods and services capitalized as assets were as follows:

	Year Ended December 31,		
	2019	2018	2017
Goods and services purchased from Westlake and capitalized as assets	\$ 2,503	\$ 2,519	\$ 3,491

Receivable under the Investment Management Agreement

On August 1, 2017, the Partnership, OpCo and Westlake executed an investment management agreement (the "Investment Management Agreement") that authorized Westlake to invest the Partnership and OpCo's excess cash with Westlake for a term of up to a maximum of nine months. Per the terms of the Investment Management Agreement, the Partnership earns a market return plus five basis points and Westlake provides daily availability of the invested cash to meet any liquidity needs of the Partnership or OpCo. Accrued interest of \$601 and \$496 was included in the receivable under the Investment Management Agreement balance at December 31, 2019 and 2018, respectively. The interest earned related to the Investment Management Agreement was \$3,289, \$2,646 and \$340 for the years ended December 31, 2019, 2018 and 2017, respectively.

The Partnership's receivable under the Investment Management Agreement was as follows:

	December 31,	
	2019	2018
Receivable under the Investment Management Agreement	\$ 162,773	\$ 148,956

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Accounts Receivable

The Partnership's accounts receivable from Westlake result primarily from ethylene sales to Westlake, any shortfall recoverable from Westlake and any buyer deficiency fees, in each case under the Ethylene Sales Agreement. Under the Ethylene Sales Agreement, if production costs billed to Westlake on an annual basis are less than 95% of the actual production costs incurred by OpCo during the year, OpCo is entitled to recover the shortfall in the subsequent year. The shortfall is recognized in the period when such production activities occur. The Partnership's accounts receivable from Westlake were as follows:

	December 31,	
	2019	2018
Accounts receivable—Westlake	\$ 42,847	\$ 57,280

Accounts Payable

The Partnership's accounts payable to Westlake result primarily from feedstock purchases under the Feedstock Supply Agreement and services provided under the Services and Secondment Agreement and the Omnibus Agreement. The Partnership's accounts payable to Westlake were as follows:

	December 31,	
	2019	2018
Accounts payable—Westlake	\$ 15,201	\$ 27,477

Debt Payable to Related Parties

See Note 8 for a description of related party debt payable balances.

Interest on related party debt payable balances, net of capitalized interest, for the years ended December 31, 2019, 2018 and 2017 was \$19,623, \$21,433 and \$21,861, respectively, and is reflected as a component of other income (expense) in the consolidated and statements of operations. Interest capitalized as a component of property, plant and equipment on related party debt was \$0 and \$175 for the years ended December 31, 2019 and 2018, respectively. At December 31, 2019 and 2018, accrued interest on related party debt was \$4,187 and \$5,448, respectively, and is reflected as a component of accrued liabilities in the consolidated balance sheets.

Debt payable to related parties was as follows:

	December 31,	
	2019	2018
Long-term debt payable to Westlake	\$ 399,674	\$ 477,608

Related Party Leases

OpCo is obligated to Westlake under various long-term and short-term noncancelable operating leases, primarily related to rail car leases and land. Operating lease rentals paid to Westlake for such leases were \$2,343, \$2,219 and \$2,284 for the years ended December 31, 2019, 2018 and 2017, respectively, and reflected in other charges from Westlake that are included in cost of sales.

OpCo has two site lease agreements with Westlake, each of which has a term of 50 years. Pursuant to the site lease agreements, OpCo pays Westlake one dollar per site per year.

Major Customer and Concentration of Credit Risk

During the years ended December 31, 2019, 2018 and 2017, Westlake accounted for approximately 85.9%, 83.6% and 83.0%, respectively, of the Partnership's net sales.

General

During the years ended December 31, 2019, 2018 and 2017, the Partnership reimbursed \$293, \$418, and \$415, respectively, to Westlake for certain state tax payments.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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Other

See Note 10 above for an additional related party transaction.

12. Derivative Commodity Instruments

From time to time, the Partnership uses derivative instruments to reduce price volatility risk on commodities, primarily ethane and ethylene. The Partnership does not use derivative instruments to engage in speculative activities.

The Partnership had no derivatives that were designated as fair value hedges during the years ended December 31, 2019, 2018 and 2017.

The exposure on commodity derivatives used for price risk management includes the risk that the counterparty will not pay if the market price declines below the established fixed price. In such case, the Partnership would lose the benefit of the derivative differential on the volume of the commodities covered. In any event, the Partnership would continue to receive the market price on the actual volume hedge. The Partnership also bears the risk that it could lose the benefit of market improvements over the fixed derivative price for the term and volume of the derivative instruments (as such improvements would accrue to the benefit of the counterparty). The Partnership had non-hedge designated derivatives covering approximately 39.1 million gallons and 93.0 million pounds of commodities as of December 31, 2019 and 21.0 million gallons and 50.0 million pounds of commodities as of December 31, 2018.

At December 31, 2019, the fair value of these non-hedge designated derivatives recorded as accrued liabilities and accounts receivable, net were \$1,959 and \$597, respectively. At December 31, 2018, the fair value of these derivative instruments recorded as accrued liabilities and accounts receivable, net were \$315 and \$253, respectively. The gains related to these derivatives recognized in net sales were \$836 and \$253 for the years ended December 31, 2019 and 2018, respectively, and the losses recognized in cost of sales were \$3,335 and \$315 for the years ended December 31, 2019 and 2018, respectively. There were no non-hedge designated derivative instruments for the year ended December 31, 2017.

The Partnership's commodity contracts are measured using forward curves supplied by industry recognized sources and unrelated third-party services and classified as Level 2 under the fair value measurement guidance.

13. Unit-based Compensation

The Westlake Chemical Partners LP Long-Term Incentive Plan (the "Plan") was adopted on July 15, 2014 and provides for grants of unit options, restricted units, phantom units, unit awards, distribution equivalent rights ("DERs") and other unit-based awards. The purpose of the Plan is to attract and retain the services of individuals who are essential for the growth and profitability of the Partnership and to encourage such individuals to devote their best efforts to advancing the business of the Partnership and its affiliates. Awards under the Plan are determined by the board of directors of the Partnership's general partner or a committee thereof (the "Committee"). Under the Plan, DERs may be granted, which represent a contingent right to receive an amount in cash, units, restricted units and/or phantom units, as determined by the Committee at its sole discretion, equal in value to the cash distributions made by the Partnership with respect to a common unit during the period such award is outstanding. The terms and conditions of each award are determined by the Committee. The maximum number of common units of the Partnership that may be delivered with respect to awards under the Plan is 1,270,000. The phantom units along with a corresponding number of DERs were granted to certain non-employee directors of the general partner of the Partnership during the years ended December 31, 2019, 2018 and 2017. These phantom units vest on either the first or third anniversary of the grant date. There were no forfeitures under the Plan during 2019, 2018 and 2017. During 2019, the vesting of 4,638 phantom units was accelerated in connection with the retirement of one of the Partnership's non-employee directors. The total fair value of phantom units that vested during the year ended December 31, 2019 was \$532.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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Non-vested phantom unit awards as of December 31, 2019 and 2018 and awards granted during the respective periods were as follows:

	Number of Units	Weighted Average Fair Value
Non-vested balance at December 31, 2017	29,264	\$ 23.09
Granted	9,777	26.00
Vested	(19,364)	25.20
Non-vested balance at December 31, 2018	19,677	23.78
Granted	18,272	22.03
Vested	(24,315)	21.90
Non-vested balance at December 31, 2019	13,634	23.24

Each phantom unit represents the right to receive, upon vesting, either a cash payment equal to the fair market value of one Partnership common unit or a Partnership common unit. Each DER has distribution rights only so long as the phantom units to which it relates to has not vested or been settled.

The awards, which are classified as liability awards for financial accounting purposes, are re-measured at each reporting date until they vest. The total units available for grant at December 31, 2019 were 1,237,369. The total compensation cost recognized during the years ended December 31, 2019, 2018 and 2017 was \$387, \$363 and \$289, respectively, and is included in selling, general and administrative expenses and classified as a liability in the consolidated financial statements of the Partnership. The unrecognized compensation cost associated with all grants under the Plan at December 31, 2019 was \$251 and the weighted average remaining term of the units at December 31, 2019 was 0.73 years.

14. Fair Value Measurements

The Partnership reports certain assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Under the accounting guidance for fair value measurements, inputs used to measure fair value are classified in one of three levels:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The Partnership has financial assets and liabilities subject to fair value measures. These financial assets and liabilities include cash and cash equivalents, accounts receivable, net, accounts payable and long-term debt payable to Westlake, all of which are recorded at carrying value. The amounts reported in the consolidated balance sheets for accounts receivable, net and accounts payable approximate their fair value due to the short maturities of these instruments. The carrying and fair values of the Partnership's long-term debt at December 31, 2019 and December 31, 2018 are summarized in the table below. The fair value of debt is determined based on the present value of expected future cash flows using a discounted cash flow methodology. Because the Partnership's valuation methodology used for long-term debt requires the use of significant unobservable inputs, the inputs used to measure the fair value of the Partnership's long-term debt are classified as Level 3 within the fair value hierarchy. Inputs used to estimate the fair values of the Partnership's long-term debt include the selection of an appropriate discount rate.

	December 31, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
OpCo Revolver	\$ 22,619	\$ 23,364	\$ 224,064	\$ 221,002
MLP Revolver	377,055	379,452	253,544	249,747

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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15. Income Taxes

The Partnership is a limited partnership and is treated as a partnership for U.S. federal income tax purposes and, therefore, is not liable for entity-level federal income taxes. The Partnership is, however, subject to state and local income taxes.

The components of income tax of the Partnership are as follows:

	Year Ended December 31,		
	2019	2018	2017
Current			
State and local	\$ 743	\$ 578	\$ 796
Deferred			
State and local	(15)	(556)	484
Total provision	\$ 728	\$ 22	\$ 1,280

The reconciliation of income tax expense at the U.S. statutory rate to the income tax expense is as follows:

	Year Ended December 31,		
	2019	2018	2017
Provision for federal income tax, at statutory rate	\$ 70,062	\$ 69,425	\$ 124,018
State income tax provision, net of federal income tax effect	728	22	1,280
Partnership income not subject to entity-level federal income tax	(70,062)	(69,425)	(124,018)
Total provision	\$ 728	\$ 22	\$ 1,280

The tax effects of the principal temporary differences between financial reporting and income tax reporting are as follows:

	December 31,	
	2019	2018
Property, plant and equipment	\$ (1,574)	\$ (1,555)
Turnaround costs	(75)	(109)
Total deferred tax liabilities	\$ (1,649)	\$ (1,664)
Balance sheet classifications		
Noncurrent deferred tax liability	\$ (1,649)	\$ (1,664)
Total deferred tax liabilities	\$ (1,649)	\$ (1,664)

16. Supplemental Information
Accrued Liabilities

Accrued liabilities were \$17,507 and \$16,250 at December 31, 2019 and 2018, respectively. Accruals related to interest expense, maintenance expenses, taxes, capital expenditures and commodity derivatives, which are components of accrued liabilities, were \$4,186, \$3,225, \$2,611, \$2,375 and \$1,959 at December 31, 2019, respectively, and were \$5,448, \$2,688, \$1,564, \$2,818 and \$315 at December 31, 2018, respectively. No other component of accrued liabilities was more than five percent of total current liabilities.

Cash Flow Information
Non-cash Investing Activity

The change in capital expenditure accrual resulted in a decrease in additions to property, plant and equipment by \$232 for the year ended December 31, 2019. The change in capital expenditure accrual resulted in a decrease in additions to property, plant and equipment by \$1,823 for the year ended December 31, 2018.

WESTLAKE CHEMICAL PARTNERS LP
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Interest and Income Taxes

Interest paid by the Partnership, net of interest capitalized, was \$20,837, \$20,551 and \$23,063 for the years ended December 31, 2019, 2018 and 2017, respectively. Income tax paid by the Partnership was \$655, \$711 and \$716 for the years ended December 31, 2019, 2018 and 2017, respectively, of which \$362, \$293 and \$301 was paid directly to the tax authorities for the years ended December 31, 2019, 2018 and 2017, and \$293, \$418 and \$415 was paid to Westlake as reimbursements for the years ended December 31, 2019, 2018 and 2017.

17. Commitments and Contingencies

The Partnership is subject to environmental laws and regulations that can impose civil and criminal sanctions and that may require the Partnership to mitigate the effects of contamination caused by the release or disposal of hazardous substances into the environment. These laws include the federal Clean Air Act, the federal Water Pollution Control Act, the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), the Toxic Substances Control Act and various other federal, state and local laws and regulations. Under 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 the Partnership's production sites have a history of industrial use, it is impossible to predict precisely what effect these legal requirements will have on the Partnership. Westlake will indemnify the Partnership for liabilities that occurred or existed prior to August 4, 2014.

The Partnership is involved in various legal proceedings incidental to the conduct of its business. The Partnership does not believe that any of these legal proceedings will have a material adverse effect on its financial condition, results of operations or cash flows.

Other Commitments

The Partnership has various purchase commitments for its capital projects and for materials, supplies and services incident to the ordinary conduct of business.

WESTLAKE CHEMICAL PARTNERS LP
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18. Quarterly Financial Information (Unaudited)

	Three Months Ended			
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
Net sales	\$ 299,086	\$ 270,062	\$ 249,925	\$ 272,798
Gross profit	90,654	91,958	93,219	103,597
Income from operations	83,681	84,319	86,397	95,753
Net income	78,396	80,110	82,479	91,910
Net income attributable to Westlake Chemical Partners LP	14,955	13,733	14,922	17,371
Net income attributable to Westlake Chemical Partners LP ⁽¹⁾				
Basic and diluted earnings per common unitholder	\$ 0.46	\$ 0.39	\$ 0.42	\$ 0.49
Weighted average limited partner units outstanding (basic and diluted)	32,345,398	35,188,189	35,188,189	35,191,487

	Three Months Ended			
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018
Net sales	\$ 284,272	\$ 301,975	\$ 363,650	\$ 335,725
Gross profit	92,505	97,118	93,907	93,629
Income from operations	85,372	89,743	87,998	86,456
Net income	80,714	84,476	83,799	81,582
Net income attributable to Westlake Chemical Partners LP	12,295	12,757	12,412	11,883
Net income attributable to Westlake Chemical Partners LP				
Basic and diluted earnings per common unitholder	\$ 0.36	\$ 0.40	\$ 0.38	\$ 0.37
Weighted average limited partner units outstanding (basic and diluted)	32,237,266	32,237,266	32,242,210	32,247,371

- (1) Basic and diluted earnings per common unit ("EPU") for each quarter is computed using the weighted average units outstanding during that quarter, while EPU for the year is computed using the weighted average units outstanding for the year. As a result, the sum of the EPU for each of the four quarters may not equal the EPU for the year.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure, Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Senior Vice President and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15 or 15d-15 under the Exchange Act, as of the end of the period covered by this Annual Report on Form 10-K. Based upon that evaluation, our President and Chief Executive Officer and our Senior Vice President and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2019 to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

Management's report on internal control over financial reporting appears on page 42 of this Annual Report on Form 10-K. In addition, 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, 2019, as stated in their report that appears on page 43 of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

We are managed and operated by the board of directors and executive officers of our general partner, Westlake Chemical Partners GP LLC, a wholly-owned subsidiary of Westlake. As a result of owning our general partner, Westlake has the right to appoint all members of the board of directors, including at least three directors meeting the independence standards established by the Exchange Act and the NYSE. Our unitholders are not entitled to elect our general partner or its directors or otherwise directly participate in our management or operations. Our general partner owes certain contractual duties to our unitholders as well as a fiduciary duty to its owner, Westlake.

Our general partner has seven directors, three of whom are independent as defined under the standards established by the NYSE and the Exchange Act. The NYSE does not require a listed, publicly-traded partnership, such as ours, to have a majority of independent directors on the board of directors or to establish a compensation committee or a nominating committee. However, our general partner is required to have an audit committee of at least three members, and all its members are required to meet the independence and experience standards established by the NYSE and the Exchange Act.

All of the executive officers of our general partner listed below allocate their time between managing our business and affairs and the business and affairs of Westlake. The amount of time that our executive officers devote to our business and the business of Westlake varies in any given period based on a variety of factors. We expect our general partner's executive officers to devote as much time as is necessary for the proper conduct of our business and affairs. However, their fiduciary duties to Westlake and other obligations may prevent them from devoting sufficient time to our business and affairs.

We reimburse our general partner and its affiliates, including Westlake, for all expenses they incur and payments they make on our behalf. The Partnership Agreement does not set a limit on the amount of expenses for which our general partner and its affiliates may be reimbursed. For the year ended December 31, 2019, we paid approximately \$173 million for such expenses. These expenses include those we and OpCo incur under the Services and Secondment Agreement and the Omnibus Agreement, including salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our general partner by Westlake.

In evaluating director candidates for our general partner, Westlake will assess whether a candidate possesses the integrity, judgment, knowledge, experience, skill and expertise that are likely to enhance the board's ability to manage and direct our affairs and business, including, when applicable, to enhance the ability of committees of the board to fulfill their duties.

Executive Officers and Directors of Our General Partner

The following table shows information for the executive officers and directors of our general partner as of December 31, 2019. Directors hold office until their successors have been elected or qualified or until the earlier of their death, resignation, removal or disqualification. Executive officers serve at the discretion of the board. The President, Chief Executive Officer and Director and the Chairman of the Board of Directors are brothers. Otherwise, there are no familial relationships among any of our general partner's directors or executive officers. Some of the directors and all of the executive officers of our general partner also serve as executive officers of Westlake. The directors and executive officers of our general partner have a fiduciary duty to manage our general partner in a manner beneficial to Westlake. Please read "Item 1A. Risk Factors—Risks Relating to Our Partnership Structure." Each director and executive officer of our general partner will be fully indemnified by us for actions associated with being a director or executive officer to the fullest extent permitted under Delaware law pursuant to the Partnership Agreement.

Name	Age (as of December 31, 2019)	Position With Our General Partner
Albert Chao	70	President, Chief Executive Officer and Director
James Chao	72	Chairman of the Board of Directors
M. Steven Bender	63	Senior Vice President, Chief Financial Officer and Director
L. Benjamin Ederington	49	Vice President, General Counsel, Secretary and Director
George Mangieri	69	Vice President and Chief Accounting Officer
Lawrence Teel	61	Senior Vice President, Olefins
Max L. Lukens	71	Director
Angela Minas	55	Director
Randy Woelfel	64	Director

Albert Chao. Mr. Chao has been our general partner's President and Chief Executive Officer and a director since our general partner's formation in March 2014 and a director of OpCo's general partner since its formation. Additionally, Mr. Chao has been Westlake's President since May 1996 and a director since June 2003. Mr. Chao became Westlake's 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, 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. 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.

James Chao. Mr. Chao has been a director since our general partner's formation in March 2014 and Chairman of the Board since July 2014 and a director of OpCo's general partner since January 2016. Mr. Chao has also been Westlake's Chairman of the Board since July 2004 and became a director in June 2003. From May 1996 to July 2004, he served as Westlake's Vice Chairman. Mr. Chao has over 45 years of global experience in the chemical industry. 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. Mr. Chao received his B.S. degree from the Massachusetts Institute of Technology and an M.B.A. from Columbia University.

M. Steven Bender. Mr. Bender has been our general partner's Senior Vice President, Chief Financial Officer and a director since our general partner's formation in March 2014 and served as our general partner's Treasurer from April 2015 to February 2019. Mr. Bender has also been Westlake's Executive Vice President and Chief Financial Officer since July 2017. From February 2008 to July 2017, Mr. Bender served as Westlake's Senior Vice President and Chief Financial Officer. In addition, Mr. Bender served as Westlake's Treasurer from July 2011 to April 2017, a position he also held from February 2008 until December 2010. From February 2007 to February 2008, Mr. Bender served as Westlake's Vice President, Chief Financial Officer and Treasurer and, from June 2005 to February 2007, he was its Vice President and Treasurer. Prior to joining Westlake, 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.

L. Benjamin Ederington. Mr. Ederington has been our general partner's Vice President, General Counsel and Secretary and a director since our general partner's formation in March 2014. Mr. Ederington has also been Westlake's Senior Vice President, General Counsel, Chief Administrative Officer and Corporate Secretary since July 2017. From December 2015 to July 2017, Mr. Ederington served as Westlake's Vice President, General Counsel, Chief Administrative Officer and Corporate Secretary and, from October 2013 to December 2015, he was its Vice President, General Counsel and Corporate Secretary. 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. He began his legal career more than 20 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.

George J. Mangieri. Mr. Mangieri has been our general partner's Vice President and Chief Accounting Officer since our general partner's formation in March 2014. Mr. Mangieri has also been Westlake's Senior Vice President and Chief Accounting Officer since July 2017. From February 2007 to July 2017, he served as Westlake's Vice President and Chief Accounting Officer and, from April 2000 to February 2007, he was its Vice President and Controller. Prior to joining Westlake, 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.

Lawrence (Skip) Teel. Mr. Teel has been our general partner's Senior Vice President, Olefins since July 2014. Mr. Teel has also been Westlake's Executive Vice President, Olefins since July 2017. From July 2014 to July 2017, he served as Westlake's Senior Vice President, Olefins and, from July 2012 to July 2014, he served as Westlake's Vice President, Olefins. Mr. Teel joined Westlake 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.

Max L. Lukens. Mr. Lukens has been a director of our general partner since June 2014 and is the chairman of the audit committee. He has been a director of Westlake 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. from March 2004 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. Between 2003 and 2009, he served as a director of NCI Building Systems, Inc. He also served as a director of The Pep Boys-Manny, Moe & Jack from August 2006 until October 2007 and again from June 2009 until September 2011. He was also Chairman of the Board of that company from June 2009 until he resigned in September 2011. He was a director of Blount International, Inc. from July 2015 until it was acquired in April 2016. 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.

Angela A. Minas. Ms. Minas has been a director of our general partner since October 2016 and serves on the audit and conflicts committees. Ms. Minas also currently serves on the board of directors and as the chair of the audit committee of the general partner of CNX Midstream Partners LP. From March 2018 to December 2019, she served on the board of directors of Weatherford International plc, and, from December 2013 to March 2018, she served on the board of directors of the general partner of Ciner Resources LP. Ms. Minas served as Vice President and Chief Financial Officer for DCP Midstream Partners from September 2008 to May 2012. She served as Chief Financial Officer, Chief Accounting Officer and Treasurer of Constellation Energy Partners from September 2006 to March 2008. Prior to her experience in the MLP sector, Ms. Minas served as Senior Vice President, Global Consulting and Vice President, US Consulting for Science Applications International Corp. She was a Partner with Arthur Andersen LLP from 1997 through 2002. Ms. Minas is a graduate of Rice University, where she earned a Bachelor of Arts in Managerial Studies and a Master of Business Administration with a concentration in Finance and Accounting. Ms. Minas currently serves as a member of the Council of Overseers of the Rice University Graduate Business School and is an NACD (National Association of Corporate Directors) Leadership Fellow.

Randy G. Woelfel. Mr. Woelfel has been a director of our general partner since November 2019 and serves on the audit and conflicts committees. Since March 2013, Mr. Woelfel has served as a director of Black & Veatch Holding Company. Mr. Woelfel was Chief Executive Officer and a director of NOVA Chemicals Corporation from November 2009 until May 2014. Prior to joining NOVA, Mr. Woelfel was Managing Director of Energy for the Houston Technology Center and President of Cereplast, Inc. He began his career with Shell Oil Company in 1977. While at Shell Oil and affiliated companies, he served in a variety of senior positions, including President of Basell International, President of Basell North America and as a board member of numerous Basell International petrochemical ventures. Since 2014, Mr. Woelfel has provided services as a business consultant through Woelfel Associates Inc., a company that provides strategic advice to boards of directors and businesses. Mr. Woelfel received a Bachelor of Science degree in Chemical Engineering from Rice University and a Master's degree in Management from the Massachusetts Institute of Technology.

Director Independence

In accordance with the rules of the NYSE, the board of directors of our general partner currently has three independent directors. The board of directors of our general partner has determined that each of Messrs. Lukens and Woelfel and Ms. Minas is independent as defined under the independence standards established by the NYSE and the Exchange Act.

Committees of the Board of Directors of our General Partner

The board of directors of our general partner has one standing committee: the audit committee. The board of directors of our general partner may also form a conflicts committee from time to time.

Audit Committee

The audit committee of our general partner's board of directors has been established in accordance with Section 3(a)(58)(A) of the Exchange Act, and consists of Messrs. Lukens and Woelfel and Ms. Minas, all of whom are independent. Mr. Lumpkins served as a member of the audit committee until November 2019. Mr. Lukens is the current chairman of the audit committee. The board of directors of our general partner has determined that each of Messrs. Lukens and Woelfel and Ms. Minas is an "audit committee financial expert" within the meaning of the SEC rules and "financially literate" within the meaning of the NYSE regulations. The audit committee operates pursuant to a written charter, an electronic copy of which is available on our website at www.wlkpartners.com.

The audit committee assists the board of directors of our general partner in its oversight of the integrity of our consolidated and combined financial statements and our compliance with legal and regulatory requirements and partnership policies and controls. The audit committee has the sole authority to (1) retain and terminate our independent registered public accounting firm, (2) approve all auditing services and related fees and the terms thereof performed by our independent registered public accounting firm, and (3) pre-approve any non-audit services and tax services to be rendered by our independent registered public accounting firm. The audit committee is also responsible for confirming the independence and objectivity of our independent registered public accounting firm. Our independent registered public accounting firm is given unrestricted access to the audit committee and our management, as necessary.

Conflicts Committee

As set forth in the limited liability company agreement of our general partner, our general partner's board of directors may, from time to time, form a conflicts committee to which the board of directors of our general partner will appoint independent directors and which may be asked to review specific matters that the board believes may involve conflicts of interest between us, our limited partners and Westlake. The conflicts committee will determine the resolution of the conflict of interest in any manner referred to it in good faith. The members of the conflicts committee may not be officers or employees of our general partner or directors, officers or employees of its affiliates, including Westlake, and must meet the independence standards established by the NYSE and the Exchange Act to serve on an audit committee of a board of directors, along with other requirements in the Partnership Agreement. Mr. Woelfel and Ms. Minas serve on the conflicts committee. Mr. Lumpkins served as chairman of the conflicts committee until November 2019. Ms. Minas currently serves as chair of the conflicts committee. Any matters approved by the conflicts committee in good faith will be conclusively deemed to be fair and reasonable to us, approved by all of our partners and not a breach by our general partner of any duties it may owe us or our unitholders.

Meetings of the Board

During the last fiscal year, our general partner's board of directors held 12 meetings, our general partner's audit committee held seven meetings and our general partner's conflicts committee held seven meetings. None of the directors attended fewer than 75% of the aggregate number of meetings of the board of directors and committees of the board on which the director served.

The board of directors holds regular executive sessions in which the independent directors meet without any non-independent directors or members of management. The purpose of these executive sessions is to promote open and candid discussion among the independent directors. The rules of the NYSE require that one of the independent directors must preside over each executive session, and the role of presiding director is rotated among each of the independent directors.

Communication with the Board of Directors

A holder of our units or other interested party who wishes to communicate with the non-management directors may do so by contacting our corporate secretary at the address or phone number appearing on the front page of this report. Communications will be relayed to the intended recipient of the board of directors except in instances where it is deemed unnecessary or inappropriate to do so pursuant to the procedures established by the audit committee. Any communications withheld under those guidelines will nonetheless be recorded and available for any director who wishes to review them.

Corporate Governance Guideline and Code of Ethics

We have a Code of Ethics for the Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer (the "Code of Ethics") that applies to each of the Principal Executive, Financial and Accounting Officers of our general partner, as required by Section 406 of the Sarbanes-Oxley Act of 2002. Furthermore, we have Principles of Corporate Governance and a charter for our audit committee. Each of the foregoing is available on our website at www.wlkpartners.com in the "Corporate Governance" section of our Investor Relations tab. We provide copies, free of charge, of any of the foregoing upon receipt of a written request. We disclose amendments and director and executive officer waivers with regard to the Code of Ethics, if any, on our website or by filing a Current Report on Form 8-K to the extent required. Furthermore, the certifications of our general partner's Chief Executive Officer and Chief Financial Officer, as required by Section 302 of the Sarbanes-Oxley Act, have been included as exhibits to this report.

NYSE Corporate Governance Listing Standards

The NYSE requires the chief executive officer of each listed company to certify annually that he is not aware of any violation by the company of the NYSE corporate governance listing standards as of the date of the certification, qualifying the certification to the extent necessary. The Chief Executive Officer of our general partner provided such certification to the NYSE in 2019 without qualification. You can also find information about us at the offices of the NYSE, 20 Broad Street, New York, New York 10005 or at the NYSE's Internet site (www.nyse.com).

Item 11. Executive Compensation

Compensation Discussion and Analysis

Overview

Neither we nor our general partner directly employ any of the persons responsible for managing our business. All of our general partner's executive officers are employees of Westlake. In accordance with the terms of the Omnibus Agreement, we reimburse Westlake for compensation-related expenses attributable to the portion of our executive officers' time dedicated to providing services to us. During 2019, Mr. Albert Chao devoted approximately 10% of his total business time to our general partner, our consolidated subsidiaries (including OpCo) and us and Mr. Steve Bender devoted approximately 10% of his total business time to our general partner, our consolidated subsidiaries (including OpCo) and us. The allocation of the executive officers' time in future years and, in turn, future compensation allocations may differ from the time and compensation allocated for each executive officer in 2019.

Westlake has determined that only the base salary of each of the Westlake executive officers shall be allocated to us based on the percentages of business time set forth above. This is because Westlake's other compensation components such as Westlake equity awards and annual and quarterly cash incentive plans are geared toward specific performance goals of Westlake's business, and not our business. Westlake has significant assets and holdings outside of us and our general partner.

Named Executive Officers

For 2019, our named executive officers ("NEOs") consisted of our principal executive officer, Mr. Albert Chao, and our principal financial officer, Mr. Bender. The compensation allocated to us in 2019 for each of the other executive officers of our general partner did not exceed \$100,000. Therefore, none of the other executive officers are considered NEOs for 2019.

Compensation Decisions

Westlake has ultimate decision-making authority with respect to the total compensation of our NEOs that are employed by Westlake. Any such compensation decisions will not be subject to any approvals by the board of directors of our general partner; provided, however, that any awards under the Westlake Chemical Partners LP Long-Term Incentive Plan (the "LTIP") must be approved by the board of directors of our general partner.

Westlake Compensation Committee Oversight

The board of directors of Westlake has established a compensation committee (the "Westlake Compensation Committee") to review and provide oversight of the compensation programs of Westlake and the compensation of the principal executive officer of Westlake (the "Westlake PEO"), the other named executive officers of Westlake (together with the Westlake PEO, the "Westlake NEOs") and other employees designated as executive officers of Westlake (collectively, the "Westlake Executives").

External Advisors

To assist the Westlake Compensation Committee in respect of its oversight responsibilities, the Westlake Compensation Committee periodically utilizes the services of independent third-party compensation consultants to conduct compensation surveys and determine compensation trends, analyze and assess Westlake's compensation systems and programs (which includes the compensation of the Westlake Executives), review current legal, accounting and administrative matters associated with executive compensation and offer opinions as to the effectiveness and competitiveness of the program. For 2019, the Westlake Compensation Committee directly engaged the services of Willis Towers Watson as a compensation consultant to advise the Westlake Compensation Committee on executive compensation matters. Willis Towers Watson assists the Westlake Compensation Committee by providing comparative market data on compensation programs and practices of peer competitors, the broader-based chemical industry and general industry. Willis Towers Watson also assists Westlake with general compensation consultation regarding employees other than the Westlake NEOs. In 2019, Westlake paid Willis Towers Watson approximately \$55,000 for executive compensation advisory services and approximately \$2.5 million for other services (primarily related to the administration of Westlake's legacy defined benefit retirement plans). The decision to engage Willis Towers Watson for the non-executive-compensation services was made by Westlake management and approved by the Westlake Compensation Committee. In February 2020, the Westlake Compensation Committee assessed whether the work of Willis Towers Watson for Westlake during 2019 raised any conflict of interest and concluded that no conflict of interest exists.

The Deliberative Process

In establishing target executive compensation, the Westlake Compensation 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 as adopted by the Westlake Compensation Committee in 2019:

Air Products and Chemicals, Inc.	Huntsman Corporation
Axalta Coating Systems Ltd.	The Mosaic Company
Celanese Corporation	Olin Corporation
CF Industries Holdings, Inc.	PPG Industries, Inc.
The Chemours Company	RPM International Inc.
Eastman Chemical Company	The Sherwin-Williams Company
Ecolab Inc.	Trinseo S.A.

The Peer Group selected for 2019 reflects no changes from the previous year. The Westlake Compensation Committee may add or replace companies in the Peer Group as warranted to reflect changes in the size, business profile and publicly-listed status of the companies in the Peer Group to help ensure that companies more comparable in size and business profile to Westlake are included.

In addition to referring to the Peer Group, Willis Towers Watson utilizes survey data from its proprietary general industry and chemical industry databases, including, but not limited to, the Willis Towers Watson CDB Executive Survey as well as the Korn Ferry Hay Group Chemicals Industry survey and other relevant market information, that compare the compensation of executives at numerous companies in similar positions as the Westlake NEOs (the "Market Survey"). The 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 Westlake would need to recruit on a broader basis (for instance, Chief Financial Officer). Finally, in establishing the target executive compensation, the Westlake Compensation 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 a Westlake 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, Willis Towers Watson reports directly to the Westlake Compensation Committee on each component and on a composite total compensation basis.

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

Compensation Philosophy and Program Objectives of Westlake

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

- attracting, rewarding and retaining top executive talent in support of Westlake's vision, mission and objectives;
- maintaining market competitiveness with Westlake'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 stockholder value;
- aligning management interests with the interests of Westlake's stockholders; and
- balancing short-term objectives with long-term strategic initiatives and thinking through the design of both short-term and long-term pay programs.

Establishing Compensation Levels

On an annual basis as the Westlake Compensation Committee meets to set the target compensation for the Westlake PEO, other Westlake NEOs and other Westlake Executives, the Westlake Compensation Committee considers the responsibility and scope of the individual job assignments as well as the Westlake Executive's job performance and achievements measured against a variety of goals and objectives. As a first step, the Westlake PEO provides his evaluation of each Westlake Executive based upon the achievement of goals and objectives unique to a business segment or a corporate assignment and an assessment of the Westlake Executive's individual contribution and effort and a variety of managerial success factors. Next, the Westlake Compensation Committee may make its own assessment of each Westlake Executive based upon the interaction Westlake Compensation Committee members have had with the Westlake Executive throughout the year. Lastly, once the Westlake Compensation Committee considers all of these factors in tandem with the Reference Points, the Westlake Compensation Committee establishes the compensation target for each element of the total compensation program.

Base Pay—This element is the principal cash compensation component of Westlake's program and is designed to provide the Westlake Executive with a market-competitive minimum level of compensation. In setting base pay rates for 2019, the Westlake Compensation Committee considered the Reference Points, the scope and range of responsibility, accountability and business impact of the position as well as current economic conditions to aid it in evaluating and matching the positions with the market and setting fair-market competitive base pay targets. In setting base pay rates for Westlake Executives, the Westlake Compensation Committee has determined that, based on advice of its independent consultant, Willis Towers Watson, the base pay of the Westlake Executives can generally be considered as competitive if targeted to be within 90% to 110% of the 50th percentile of the market depending on the performance of the individual Westlake Executive, the magnitude of adjustments deemed necessary by the Westlake Compensation Committee to ensure retention of the Westlake Executive and the performance of Westlake. The Westlake Compensation Committee also recognizes that market pricing is an inexact science and that base pay above or below that range may be required to meet market demand or to recognize individual performance or experience levels. The Westlake Compensation Committee does not set a specific fixed target percentage for any of the Westlake NEOs but generally works to set the base pay of each Westlake NEO to be within the range at its discretion based upon market and performance factors. Base pay is evaluated on an annual basis using then current market information, and the Westlake Compensation Committee may authorize an adjustment to:

- ensure that the Westlake Executive's current base pay is within the acceptable target level as determined by the Westlake Compensation Committee;
- ensure internal equity;
- recognize individual performance and contributions; or
- recognize changes in responsibility or the scope of the Westlake Executive's position.

For further information regarding compensation decisions made by the Westlake Compensation Committee during 2019, see the proxy statement that is expected to be filed by Westlake in connection with its 2020 annual meeting of stockholders. In February 2020, the Westlake Compensation Committee elected to leave the base salaries for the Westlake NEOs unchanged at: \$1,144,000 for Mr. Albert Chao and \$628,000 for Mr. Bender. In lieu of a salary increase for 2020, the Westlake Compensation Committee elected to issue a special, one-time grant of Westlake restricted stock units, which will vest in one year, to the Westlake NEOs, equivalent in value to what would have been provided as an increase to the base salary of the Westlake NEOs.

Employment Agreements; Severance and Change-in-Control Arrangements—Westlake does not have employment agreements with any of the Westlake NEOs; however, each Westlake Executive, including each of the Westlake NEOs, is typically provided an offer letter of employment containing the principal elements of the employment arrangement, including compensation. None of these offer letters currently contains a provision for payments upon a change in control.

Deferred Compensation Programs—Westlake has no deferred compensation programs for which its executives are eligible to participate except for the standard provisions of Westlake's 401(k) plan and provisions of Section 125 of the Internal Revenue Code whereby salary is reduced for taxation since the 401(k) contributions are made by employees on a pre-tax basis, thereby reducing their salary and taxable income.

COMPENSATION COMMITTEE REPORT

Neither we nor our general partner has a compensation committee. The board of directors has reviewed and discussed the Company's Compensation Discussion and Analysis with management and, based upon this review, has approved it for inclusion in this report.

The information contained in this report shall not be deemed to be "soliciting material" or "filed" or incorporated by reference in future filings with the SEC, or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that the Company specifically incorporates it by reference into a document filed under the Securities Act or the Exchange Act.

**THE BOARD OF DIRECTORS OF
WESTLAKE CHEMICAL PARTNERS GP LLC**

Albert Chao

James Chao

Max L. Lukens

Angela Minas

M. Steven Bender

L. Benjamin Ederington

Randy G. Woelfel

Executive Compensation

The following table provides information regarding the compensation awarded to or earned during 2019 and prior years, as applicable by the NEOs.

Summary Compensation Table

Name and Principal Position	Year	Base Salary ⁽¹⁾	Portion Allocation ⁽²⁾	Total ⁽³⁾
Albert Chao President and Chief Executive Officer	2019	\$ 1,144,000	10.0%	\$ 114,400
	2018	1,100,000	10.0%	110,000
	2017	1,034,000	10.0%	103,400
M. Steven Bender Senior Vice President Chief Financial Officer and Treasurer	2019	628,000	10.0%	62,800
	2018	600,000	12.5%	75,000
	2017	550,000	12.5%	68,750

(1) See "Compensation Discussion and Analysis—Establishing Compensation Levels—Base Pay" for more information on base salary.

(2) See "Compensation Discussion and Analysis—Overview" for more information on the portion of base salary allocated to us by Westlake.

(3) Reflects the portion of base salary allocated to us by Westlake for the periods from January 1, 2019 through December 31, 2019, from January 1, 2018 through December 31, 2018 and from January 1, 2017 through December 31, 2017.

Director Compensation

Officers or employees of Westlake or its affiliates who also serve as directors do not receive additional compensation for such service. The directors who are not also officers or employees of Westlake or its affiliates (i.e., Ms. Minas and Messrs. Lukens and Woelfel) receive compensation from our general partner for their service. In 2019, Messrs. Lukens and Lumpkins and Ms. Minas each received an annual retainer valued at approximately \$180,000, of which \$80,000 was paid in the form of a cash retainer and the remaining \$100,000 was paid in the form of a grant of phantom unit awards under the LTIP. In connection with his appointment to the Board of Directors, Mr. Woelfel received a grant of phantom unit awards valued at \$100,000. All phantom unit awards vest on the first anniversary of their grant date. Mr. Lukens, as the audit committee chairman, received an additional cash retainer of \$15,000, Mr. Lumpkins, as the conflicts committee chairman until November 2019, received an additional cash retainer of \$20,000, and Ms. Minas, as a member of the conflicts committee, received an additional cash retainer of \$15,000 in recognition of their service in 2019.

In addition, each non-employee director is reimbursed for out-of-pocket expenses in connection with attending board and committee meetings. Each director is fully indemnified by us for actions associated with being a director to the fullest extent permitted under Delaware law pursuant to the Partnership Agreement.

The following table sets forth a summary of the compensation paid to non-employee directors in 2019:

Name	Fees Earned or Paid in Cash	Phantom Unit Awards (1)	All Other Compensation (2)	Total
Max L. Lukens	\$ 92,500	\$ 100,000	\$ 10,826	\$ 203,326
David Lumpkins (3)	77,500	100,000	10,826	188,326
Angela Minas	92,500	100,000	12,695	205,195
Randy G. Woelfel (3)	11,739	100,000	-	111,739

- (1) The amounts reflected in this column represent the grant date fair value of phantom unit awards granted to the non-employee directors, computed in accordance with FASB ASC Topic 718, as the product of (i) the number of phantom units granted and (ii) the average of the high and low prices of our common units reported on the New York Stock Exchange on the grant date. As of December 31, 2019, Mr. Lukens and Ms. Minas held 4,638 phantom units, and Mr. Woelfel held 4,358 phantom units.
- (2) The amounts reflected in this column represent the amount of cash paid with respect to distribution equivalent rights granted in tandem with the phantom unit awards.
- (3) Mr. Lumpkins stepped down from, and Mr. Woelfel joined, the Board of Directors in November 2019.

CEO Pay Ratio Analysis

The table below sets forth comparative information regarding: (1) the annual total compensation of our Chief Executive Officer, Mr. Albert Chao, for the year ended December 31, 2019, determined on the basis set forth in the Summary Compensation Table; (2) the median of the annual total compensation of all seconded employees of Westlake that provide services to OpCo under the Services and Secondment Agreement, which excludes our Chief Executive Officer, for the year ended December 31, 2019, determined on the basis described below; and (3) a ratio comparison of those two amounts. These amounts were determined in accordance with rules prescribed by the SEC.

Neither we nor OpCo have any employees. However, for purposes of this disclosure, we have included the employees of Westlake and its other affiliates who are seconded to OpCo under the Services and Secondment Agreement for the production of ethylene (the "Seconded Employees"). For purposes of determining the median of the annual total compensation of such Seconded Employees for the year ended December 31, 2019, the applicable SEC rules require us to identify the median employee, by using either annual total compensation for all such employees or another consistently applied compensation measure. For these purposes, we used total taxable earnings, plus certain non-taxable items, including retirement plan contributions and perquisites, as determined from the payroll records of Westlake and its affiliates providing the services of the Seconded Employees to OpCo for the period from January 1, 2017 through December 31, 2017 (the "Measurement Date"), as our consistently applied compensation measure. We included all Seconded Employees of Westlake who provided services to OpCo as of the Measurement Date whether employed on a full-time, part-time or seasonal basis. We did not use statistical sampling or include any cost of living adjustments for purposes of this determination. After identifying the median employee, based on the process described above, we calculated annual total compensation for that employee using the same methodology we used for determining total compensation for 2019 for our named executive officers as set forth in the Summary Compensation Table.

Chief Executive Officer annual total compensation (A)	\$	114,400
Median annual total compensation of all employees (excluding Chief Executive Officer) (B)	\$	147,429
Ratio of (A) to (B)		.78

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth, as of February 21, 2020, the beneficial ownership of our outstanding common units and subordinated units held by:

- our general partner;
- Westlake;
- each director and named executive officer of our general partner; and
- all of the directors and executive officers of our general partner as a group.

We report the amounts and percentage of units beneficially owned on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. The rules of the SEC deem a person a "beneficial owner" of a security if that person has or shares "voting power" that includes the power to vote or to direct the voting of the security, or "investment power" that includes the power to dispose of or to direct the disposition of the security. In computing the number of common units beneficially owned by a person and the percentage ownership of that person, common units subject to options or warrants held by that person that are currently exercisable or exercisable within 60 days of February 1, 2020, if any, are deemed outstanding, but are not deemed outstanding for computing the percentage ownership of any other person. Unless otherwise noted, the address for each beneficial owner listed below is 2801 Post Oak Boulevard, Suite 600, Houston, Texas 77056. None of the units beneficially owned as set forth below is pledged as security.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership of Common Units		Percentage of Common Units Beneficially Owned
	Direct	Other	
Westlake Chemical Corporation	14,122,230		40.1%
Westlake Chemical Partners GP LLC	0		0
Albert Chao	96,435	15,533,192 ⁽¹⁾⁽²⁾	44.4%
James Chao	55,000	15,524,099 ⁽²⁾	44.3%
M. Steven Bender	12,000	0	*
L. Benjamin Ederington	10,000	0	*
Max L. Lukens	125,000	0	*
Angela Minas	15,100	0	*
Randy G. Woelfel	0		*
All directors and executive officers as a group (9 persons)	321,335	15,533,192 ⁽¹⁾⁽²⁾	45%

* Less than 1% of the outstanding common units.

- (1) The amount includes 9,093 common units held in a family trust for the benefit of Mr. Albert Chao and his family members with respect to which Mr. Albert Chao serves as trustee.
- (2) The amount includes (1) 14,122,230 common units held by WPT, LLC, a wholly-owned subsidiary of Westlake Chemical Corporation, and (2) 1,401,869 common units held by TTWFGP LLC. Two trusts for the benefit of members of the Chao family, including Messrs. James and Albert Chao, are the managers of TTWFGP LLC, a Delaware limited liability company. As of February 1, 2020, James Chao had sole voting power and sole dispositive power over 55,000 units and shared voting power and shared dispositive power over 15,524,099 units; and Albert Chao had sole voting power and sole dispositive power over 96,435 units and shared voting power and shared dispositive power over 15,533,192 units. Messrs. James and Albert Chao disclaim beneficial ownership of the 15,524,099 units held by WPT, LLC and TTWFGP LLC except to the extent of their respective pecuniary interest therein.

The following table sets forth, as of February 17, 2020, the number of shares of common stock of Westlake Chemical Corporation beneficially owned by each director and named executive officer of our general partner and by all directors and executive officers of our general partner as a group:

Directors and Named Executive Officers of Our General Partner	Amount and Nature of Beneficial Ownership of Common Stock of Westlake Chemical ⁽¹⁾		
	Direct	Other	Percent of Class
Albert Chao	931,021	92,010,554 ⁽²⁾	71.8%
James Chao	272,824	92,010,554 ⁽²⁾	71.3%
M. Steven Bender	109,840	0	*
L. Benjamin Ederington	64,324	0	*
Max L. Lukens	9,122	0	*
Angela Minas	0	0	0
Randy G. Woelfel	0	0	0
All directors and executive officers as a group (9 persons)	1,428,559	92,010,554	72.2%

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

- (1) None of the shares beneficially owned by the directors or officers are pledged as security.
- (2) Two trusts for the benefit of members of the Chao family, including James Chao 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 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 Messrs. James and Albert Chao. James Chao, Albert Chao, TTWF LP and TTWFGP LLC share voting and dispositive power with respect to the shares of Westlake's common stock beneficially owned by TTWF LP. Messrs. James and Albert Chao disclaim beneficial ownership of the 92,010,554 shares held by TTWF LP except to the extent of their respective pecuniary interest therein.

The following table sets forth each person known to us who is the beneficial owner of 5% or more of our outstanding common units, other than Westlake, the holdings of which are listed in the first table of this Item 12.

Name of Beneficial Owner	Common Units Beneficially Owned	Percentage of Common Units Beneficially Owned
Energy Income Partners, LLC 10 Wright Street Westport, CT 06880	2,259,395 ⁽¹⁾	6.4%
Invesco Ltd. 1555 Peachtree Street NE, Suite 1800 Atlanta, GA 30309	6,927,699 ⁽²⁾	19.7%
Janus Henderson Group plc 201 Bishopsgate EC2M 3AE United Kingdom	1,900,928 ⁽³⁾	5.4%

- (1) Based on a Schedule 13G filed on February 14, 2020. According to the filing, Energy Income Partners, LLC had shared voting and shared dispositive power over 2,259,395 common units. In addition, each of James J. Murchie, Eva Pao and John Tyssel had shared voting and shared dispositive power over 2,259,395 common units as portfolios managers with respect to the portfolios managed by Energy Income Partners, LLC, and Saul Ballesteros had shared voting and shared dispositive power over 2,259,395 common units as a control person of Energy Income Partners, LLC.
- (2) Based on an Amendment No. 1 to a Schedule 13G filed on February 12, 2020. According to the filing, Invesco Ltd. had sole voting and sole dispositive power over 6,927,699 common units.
- (3) Based on an Amendment No. 1 to a Schedule 13G filed on February 14, 2020. According to the filing, Janus Henderson Group plc. had shared voting and shared dispositive power over 1,900,928 common units and one of its managed portfolios, Janus Henderson Small Cap Value Fund ("Janus Small Cap"), had shared voting and shared dispositive power over 1,786,699 of those common units. According to the filing, another affiliate, Perkins Investment Management LLC ("Perkins"), may be deemed to be the beneficial owner of 1,900,928 common units as a result of its role as investment advisor to the managed portfolios of Janus Henderson Group plc. However, according to the filing, Perkins does not have the right to receive any dividends from, or the proceeds from the sale of, any common units held by such managed portfolios and disclaims any ownership associated with the same.

Equity Compensation Plan Information

Units authorized for issuance under the Partnership's Long-Term Incentive Plan (the "LTIP") are summarized in the following table.

Plan Category	Number of units 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 plan approved by security holders ⁽¹⁾	13,634	\$ 0	1,237,369
Equity compensation plan not approved by security holders	0	N/A	0
Total	13,634	\$ —	1,237,369

- (1) Adopted by our general partner's board of directors in connection with our IPO. Only phantom unit awards have been granted under the LTIP. There is no weighted-average exercise price associated with these awards.

For more information about the plan, please see Note 13 to our consolidated financial statements included in this report.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Westlake owns (1) 14,122,230 common units, representing an aggregate approximate 40.1% limited partner interest in us; (2) a 100% interest in our general partner; and (3) our incentive distribution rights. Transactions with Westlake and its affiliated entities are considered to be related party transactions because Westlake and its affiliates own more than 5% of our equity interests; in addition, certain of Westlake's directors and executive officers serve as directors and executive officers of both Westlake and our general partner.

Whenever a conflict arises between our general partner or its owners, on the one hand, and us or our limited partners, on the other hand, the resolution, course of action or transaction in respect of such conflict of interest shall be conclusively deemed approved by us and all our limited partners and shall not constitute a breach of the Partnership Agreement, of any agreement contemplated thereby or of any duty, if the resolution, course of action or transaction in respect of such conflict of interest is:

- approved by the conflicts committee of our general partner; or
- approved by the holders of a majority of our outstanding common units, excluding any such units owned by our general partner or any of its affiliates.

Our general partner may, but is not required to, seek the approval of such resolutions or courses of action from the conflicts committee of its board of directors or from the holders of a majority of the outstanding common units as described above. If our general partner does not seek approval from the conflicts committee or from holders of common units as described above and the board of directors approves the resolution or course of action taken with respect to the conflict of interest, then it will be presumed that, in making its decision, the board of directors acted in good faith, and in any proceeding brought by or on behalf of us or any of our unitholders, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption and proving that such decision was not in good faith. Unless the resolution of a conflict is specifically provided for in the Partnership Agreement, the board of directors or its conflicts committee, as applicable, may consider any factors it determines in good faith to consider when resolving a conflict. An independent third party is not required to evaluate the resolution. Under the Partnership Agreement, all determinations, other actions or failures to act by our general partner, the board of directors or any committee thereof (including the conflicts committee) will be presumed to be "in good faith," and in any proceeding brought by or on behalf of us or any of our unitholders, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption and proving that such determination was not in good faith.

Procedures for Review, Approval and Ratification of Transactions with Related Persons

If a conflict or potential conflict of interest arises between our general partner or its affiliates, on the one hand, and us or our unitholders, on the other hand, the resolution of any such conflict or potential conflict should be addressed by the board of directors in accordance with the provisions of the Partnership Agreement. At the discretion of the board in light of the circumstances, the resolution may be determined by the board in its entirety or by a conflicts committee meeting the definitional requirements for such a committee under the Partnership Agreement.

Distributions and Payments to our General Partner and its Affiliates

We will generally make cash distributions to our unitholders, including Westlake, pro rata. In addition, if distributions exceed the minimum quarterly distribution and other higher target distribution levels, Westlake, as the holder of our incentive distribution rights, will be entitled to increasing percentages of the distributions, up to 50% of the distributions above the highest target distribution level.

Assuming we have sufficient available cash to pay the full minimum quarterly distribution on all of our outstanding units for four quarters, Westlake would receive an annual distribution of approximately \$15.5 million on its common units. During 2019, we made a \$1.8005 per unit distribution to all of our unitholders, resulting in Westlake receiving approximately \$25.4 million.

Our general partner and its affiliates are entitled to reimbursement for all expenses they incur on our behalf, including salaries and employee benefit costs for employees who provide services to us, and all other necessary or appropriate expenses allocable to us or reasonably incurred by our general partner and its affiliates in connection with operating our business. Except to the extent specified in the Omnibus Agreement or the Services and Secondment Agreement, our general partner will determine the expenses that are allocable to us in good faith, but there is no limit on the amount of expenses for which our general partner and its affiliates will be reimbursed. For the year ended December 31, 2019, we paid approximately \$173 million for such expenses.

If our general partner withdraws or is removed, its incentive distribution rights will either be sold to the new general partner for cash or converted into common units, in each case for an amount equal to the fair market value of those interests.

If we are ever liquidated, the partners, including Westlake, will be entitled to receive liquidating distributions according to their respective capital account balances.

Agreements with Westlake

Except as otherwise indicated, the agreements described below became effective on August 4, 2014, concurrent with the closing of the IPO. For amounts paid by us or Westlake, as applicable, under the agreements described below, see Note 11 to our consolidated financial statements.

The information required by Item 407(a) of Regulation S-K is included in "Item 10. Directors, Executive Officers and Corporate Governance."

In addition to the agreements described below, we also entered into the MLP Revolver in 2015, which was amended in August 2017 and December 2017, and OpCo entered into the OpCo Revolver and assumed various promissory notes at the closing of the IPO. The OpCo Revolver was amended in September 2018 to extend the maturity date from August 4, 2019 to September 25, 2023, and revise the applicable margin from 3% to 2%. See "Item 7. Management's Discussion & Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Indebtedness."

Ethylene Sales Agreement

OpCo and Westlake are parties to the Ethylene Sales Agreement, which has an initial term through December 31, 2026 and automatic 12-month renewal periods until terminated at the end of the initial term or any renewal term on 12-months' notice. The Ethylene Sales Agreement requires Westlake to purchase OpCo's planned ethylene production each year, subject to certain exceptions and a maximum commitment of 3.8 billion pounds per year, less product sold by OpCo to third parties equal to approximately 5% of the annual output. If OpCo's actual production is in excess of planned ethylene production, Westlake has the option to purchase up to 95% of production in excess of planned production. Westlake's purchase price for ethylene under the Ethylene Sales Agreement includes a \$0.10 per pound margin, the total costs incurred by OpCo for the feedstock and natural gas to produce each pound of ethylene (subject to a usage cap and a floor), and estimated operating costs, maintenance capital expenditures and other turnaround expenditures, less net proceeds from co-products sales. This purchase price is not designed to cover capital expenditures for expansion. Under specified circumstances, cost underrecoveries may be carried forward for recovery in subsequent years. Variable costs not incurred by OpCo due to a deficiency in takes are rebated to Westlake.

Certain of the pricing components that make up the price for ethylene sold under the Ethylene Sales Agreement are modified to reflect the portion of OpCo's production capacity that is used to process Westlake's purge gas instead of producing ethylene. Costs specific to the processing of Westlake's purge gas are recovered under the Services and Secondment Agreement, and not the Ethylene Sales Agreement.

On November 1, 2018, OpCo and Westlake entered into an amendment to the Ethylene Sales Agreement that provides OpCo with the option to curtail up to 5% of its ethylene production annually in the event OpCo reasonably determines that its sales of such ethylene to third parties during the relevant period would be uneconomic.

Feedstock Supply Agreement

OpCo and Westlake are parties to the Feedstock Supply Agreement, which has an initial term through December 31, 2026 and automatic 12-month renewal periods until terminated at the end of the initial term or any renewal term on 12-months' notice. Under the Feedstock Supply Agreement, Westlake agreed to sell OpCo ethane and other feedstock in amounts sufficient for OpCo to produce the ethylene to be sold under the Ethylene Sales Agreement. The price at which ethane and feedstock is sold includes an indexed price for spot gas liquids at Mont Belvieu and applicable transportation, storage and other costs.

Services and Secondment Agreement

OpCo and Westlake are parties to the Services and Secondment Agreement, pursuant to which OpCo provides Westlake with various utilities and utility services and in exchange for Westlake providing OpCo with various utility services, comprehensive operating services for OpCo's units, services for the maintenance and operation of the common facilities and seconded employees to perform all services required under the agreement.

Site Lease Agreements

OpCo and Westlake are parties to two 50-year site lease agreements (the "Site Leases"). Under the Site Leases, OpCo leases the real property underlying Calvert City Olefins and Lake Charles Olefins and is granted certain use and access rights related thereto, for a base rental amount of \$1 per year per site. Each of the Site Leases is terminable by the lessor upon the occurrence of certain events of default or by OpCo if Calvert City Olefins or Lake Charles Olefins, as applicable, is destroyed by casualty. Pursuant to the Site Leases, the lessor has the right to restore and repurchase the units for fair market value if OpCo fails to expeditiously restore Calvert City Olefins or Lake Charles Olefins, as applicable, following a casualty loss. Subject to the foregoing repurchase right, OpCo may remove its ethylene production facilities and other related improvements for up to one year after expiration or termination of the applicable Site Lease, so long as such removal can be accomplished without material damage or harm to the lessor's property or operations; provided that any assets that are not timely removed by OpCo will be deemed to have been surrendered to the lessor.

Omnibus Agreement

We, OpCo and Westlake are parties to the Omnibus Agreement, pursuant to which we granted Westlake, among other things, a right of first refusal on any proposed transfer of (1) our equity interests in OpCo, (2) the ethylene production facilities that serve Westlake's other facilities or (3) certain other assets we may acquire from Westlake. The Omnibus Agreement also provides for reimbursement to Westlake for the provision of various administrative services and direct expenses incurred on our behalf and in connection with the operation of our business. Under the Omnibus Agreement, Westlake will indemnify us against certain environmental and other losses, and we will indemnify Westlake against certain environmental and other losses for which Westlake is not otherwise obligated to indemnify us and certain other losses and liabilities to the extent resulting from the provision of services by Westlake to us.

OpCo Partnership Agreement

We, OpCo GP and Westlake are parties to an agreement of limited partnership for OpCo (the "OpCo LP Agreement"). The OpCo LP Agreement governs the ownership and management of OpCo and designates OpCo GP as the general partner of OpCo. OpCo GP generally has complete authority to manage OpCo's business and affairs. We control OpCo GP, as its sole member, subject to certain approval rights held by Westlake. The OpCo LP Agreement was amended in December 2017 in connection with the new partnership tax audit rules.

Exchange Agreement

OpCo and Westlake are parties to an exchange agreement, which had an initial term through August 1, 2015 and is continuing year to year thereafter, unless and until terminated by either party. Under the exchange agreement, OpCo may require Westlake to deliver up to 200 million pounds of ethylene for OpCo per year from the Site Leases to an ethylene hub in Mt. Belvieu, Texas, for which OpCo would be required to pay Westlake an exchange fee of \$0.006 per pound.

Investment Management Agreement

On August 1, 2017, we, OpCo and Westlake executed an Investment Management Agreement that authorizes Westlake to invest our and OpCo's excess cash with Westlake for a term of up to a maximum of nine months. Per the terms of the Investment Management Agreement, we earn a market return plus five basis points and Westlake provides daily availability of the invested cash to meet any liquidity needs of us or OpCo.

Item 14. Principal Accountant Fees and Services

PricewaterhouseCoopers LLP serves as our independent registered public accounting firm.

The following table presents fees for professional services rendered by PricewaterhouseCoopers LLP in connection with the 2019 and 2018 audits and fees billed by PricewaterhouseCoopers LLP for other services rendered in the years ended December 31, 2019 and December 31, 2018:

	For the year ended December 31,	
	2019	2018
Audit fees ⁽¹⁾	\$ 750,000	\$ 910,000
Tax fees ⁽²⁾	279,154	235,495
Total	\$ 1,029,154	\$ 1,145,495

(1) Audit fees represent fees billed for professional services rendered for the audits of our annual consolidated financial statements, audit of internal controls, quarterly review of our consolidated financial statements, reviews of documents filed with the SEC, registration statements and comfort letters.

(2) Represents tax services with respect to the preparation of the Partnership's 2018 K-1 statements in 2019, and the preparation of the Partnership's 2017 K-1 statements in 2018 and compliance services in 2019 and 2018, respectively.

Audit Committee Pre-Approval Policy

The charter of the audit committee of our general partner's board of directors, which is available on our website at www.wlkpartners.com, requires the audit committee to pre-approve all audit services and non-audit services (other than de minimis non-audit services as defined by the Sarbanes-Oxley Act of 2002) to be provided by our independent registered public accounting firm. The audit committee has adopted a pre-approval policy with respect to services that may be performed by the independent registered public accounting firm. The audit committee pre-approved all services provided by PricewaterhouseCoopers during the fiscal year ended December 31, 2019.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)(1) Financial Statements

See "Item 8. Financial Statements and Supplementary Data" contained elsewhere in this report.

(a)(2) Financial Statement Schedules

All schedules are omitted because the information is not applicable, not required, or has been furnished in the Consolidated Financial Statements or Notes thereto in Item 8 of this Form 10-K.

(a)(3) Exhibits

Exhibit Index

Exhibit No.	Description
2.1	Equity Purchase Agreement by and among Westlake Chemical Partners LP, Westlake Chemical OpCo LP and WPT LLC, dated as of April 29, 2015 (incorporated by reference to Exhibit 2.1 to Westlake Chemical Partners LP's Current Report on Form 8-K, filed on April 30, 2015, File No 001-36567).
2.2	Equity Purchase Agreement by and among Westlake Chemical Partners LP, Westlake Chemical OpCo LP and WPT LLC, dated as of September 26, 2017 (incorporated by reference to Exhibit 2.1 to Westlake Chemical Partners LP's Current Report on Form 8-K, filed on September 26, 2017, File No. 001-36567).
2.3	Equity Purchase Agreement by and among Westlake Chemical Partners LP, Westlake Chemical OpCo LP and WPT LLC, dated as of March 26, 2019 (incorporated by reference to Exhibit 2.1 to Westlake Chemical Partners LP's Current Report on Form 8-K, filed on March 27, 2019, File No. 001-36567).
3.1	Certificate of Limited Partnership of Westlake Chemical Partners LP (incorporated by reference to Exhibit 3.1 to Westlake Chemical Partners LP's Registration Statement on Form S-1 (File No. 333-195551), filed on April 29, 2014).
3.2	First Amended and Restated Agreement of Limited Partnership of Westlake Chemical Partners LP (incorporated by reference to Exhibit 3.1 to Westlake Chemical Partners LP's Current Report on Form 8-K (File No. 001-36567) filed on August 8, 2014).
3.3	Amendment No. 1 to the First Amended and Restated Agreement of Limited Partnership of Westlake Chemical Partners LP dated as of November 16, 2017 (incorporated by Reference to Exhibit 3.1 to Westlake Chemical Partners LP's Current Report on Form 8-K, filed on November 16, 2017, File No. 01-36567).
3.4	Amendment No. 1 to the First Amended and Restated Agreement of Limited Partnership of Westlake Chemical OpCo LP dated as of December 1, 2017 (File No. 01-36567) (incorporated by reference to Exhibit 3.4 to Westlake Chemical Partners LP's Annual Report on Form 10-K for the year ended December 31, 2017 (File No. 01-36567) filed on March 1, 2018).
3.5	Amendment No. 2 to the First Amended and Restated Agreement of Limited Partnership of Westlake Chemical Partners LP (incorporated by reference to Exhibit 3.1 to Westlake Chemical Partners LP's Current Report on Form 8-K filed on July 30, 2018 (File No. 01-36567)).
4.1*	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.
4.2	Indenture dated as of January 1, 2006 by and among Westlake Chemical Corporation, the potential subsidiary guarantors listed therein and JPMorgan Chase Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to Westlake Chemical Corporation's Current Report on Form 8-K, filed on January 13, 2006, File No. 1-32260).
4.3	Third Supplemental Indenture, dated as of July 2, 2010, among Westlake Chemical Corporation, the Subsidiary Guarantors (as defined therein) and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.2 to Westlake Chemical Corporation's Current Report on Form 8-K, filed on July 8, 2010, File No. 1-32260).
4.4	Fourth Supplemental Indenture, dated as of December 2, 2010, among Westlake Chemical Corporation, the Subsidiary Guarantors (as defined therein) and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.2 to Westlake Chemical Corporation's Current Report on Form 8-K, filed on December 8, 2010, File No. 1-32260).
4.5	Fifth Supplemental Indenture, dated as of December 2, 2010, among Westlake Chemical Corporation, the Subsidiary Guarantors (as defined therein) and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.3 to Westlake Chemical Corporation's Current Report on Form 8-K, filed on December 8, 2010, File No. 1-32260).
4.6	Supplemental Indenture, dated as of December 31, 2007, among Westlake Chemical Corporation, WPT LLC, Westlake Polymers LLC, Westlake Petrochemicals LLC, Westlake Styrene LLC, the other subsidiary guarantors party thereto and The Bank of New York Trust Company, N.A. related to the 6 ¾% senior notes (incorporated by reference to Exhibit 4.7 to Westlake Chemical Corporation's Annual Report on Form 10-K for the year ended December 31, 2007, filed on February 20, 2008, File No. 1-32260).
4.7	Sixth Supplemental Indenture, dated as of July 17, 2012, among Westlake Chemical Corporation, the Subsidiary Guarantors (as defined therein) and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.2 to Westlake Chemical Corporation's Current Report on Form 8-K, filed on July 16, 2012, File No. 1-32260).

Exhibit No.	Description
4.8	Seventh Supplemental Indenture, dated as of February 12, 2013, among Westlake Chemical Corporation, the Subsidiary Guarantors (as defined therein) and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.16 to Westlake Chemical Corporation's Annual Report on Form 10-K for the year ended December 31, 2012, filed on February 22, 2013, File No. 1-32260).
4.9	Eighth Supplemental Indenture (including the form of the Notes), dated as of August 10, 2016, among Westlake Chemical Corporation, the Guarantors (as defined therein) and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.2 to Westlake Chemical Corporation's Current Report on Form 8-K, filed on August 10, 2016, File No. 001-32260).
4.10	Ninth Supplemental Indenture (including the form of the Notes), dated as of September 7, 2016, among Westlake Chemical Corporation, the Guarantors (as defined therein) and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.2 to Westlake Chemical Corporation's Current Report on Form 8-K, filed on September 7, 2016, File No. 001-32260).
4.11	Tenth Supplemental Indenture (including the form of the Notes), dated as of November 29, 2017, among Westlake Chemical Corporation, the Subsidiary Guarantors (as defined therein) and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.2 to Westlake Chemical Corporation's Current Report on Form 8-K, filed on November 28, 2017, File No. 001-32260).
4.12	Eleventh Supplemental Indenture (including the form of the Notes), dated as of November 28, 2017, among Westlake Chemical Corporation, the Subsidiary Guarantors (as defined therein) and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.3 to Westlake Chemical Corporation's Current Report on Form 8-K, filed on November 28, 2017, File No. 001-32260).
4.13	Supplemental Indenture (including the form of the Notes), dated as of February 1, 2018, among Westlake Chemical Corporation, the Subsidiary Guarantors (as defined therein) and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.19 to Westlake Chemical Corporation's Annual Report on Form 10-K for the year ended December 31, 2017, filed on February 21, 2018, File No. 001-32260).
4.14	Registration Rights Agreement by and among Westlake Chemical Partners LP and the persons named therein, dated as of March 29, 2019 (incorporated by reference to Exhibit 4.1 to Westlake Chemical Partners LP's Current Report on Form 8-K, filed on March 29, 2019, File No. 001-36567).
4.15	Twelfth Supplemental Indenture (including the form of the Notes), dated as of July 17, 2019, between Westlake Chemical Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.2 to Westlake's Current Report on Form 8-K filed on July 17, 2019, File No. 1-32260).
4.16	Paying Agency Agreement dated as of July 17, 2019, between Westlake Chemical Corporation and The Bank of New York Mellon, London Branch, as paying agent (incorporated by reference to Exhibit 4.4 to Westlake's Current Report on Form 8-K, filed on July 17, 2019, File No. 1-32260).
10.1	Omnibus Agreement among Westlake Management Services, Inc., Westlake Vinyls Corporation, Westlake Chemical Partners GP LLC, Westlake Chemical Partners LP, WPT LLC, Westlake Petrochemicals LLC, Westlake Vinyls, Inc., Westlake Longview Corporation, Westlake Chemical OpCo GP LLC, Westlake Chemical OpCo LP, Westlake PVC Corporation, Westlake Styrene LLC and Westlake Polymers LLC (incorporated by reference to Exhibit 10.1 to Westlake Chemical Partners LP's Current Report on Form 8-K (File No. 001-36567) filed on August 8, 2014).
10.2	Services and Secondment Agreement by and among Westlake Chemical OpCo LP, Westlake Management Services, Inc., Westlake Vinyls, Inc., WPT LLC and Westlake Petrochemicals LLC (incorporated by reference to Exhibit 10.2 to Westlake Chemical Partners LP's Current Report on Form 8-K (File No. 001-36567) filed on August 8, 2014).
10.3	Feedstock Supply Agreement between Westlake Petrochemicals LLC and Westlake Chemical OpCo LP (incorporated by reference to Exhibit 10.3 to Westlake Chemical Partners LP's Current Report on Form 8-K (File No. 001-36567) filed on August 8, 2014).
10.4††	Ethylene Sales Agreement between Westlake Chemical OpCo LP, WPT LLC, Westlake Vinyls, Inc. and Westlake Petrochemicals LLC (incorporated by reference to Exhibit 10.4 to Westlake Chemical Partners LP's Current Report on Form 8-K (File No. 001-36567) filed on August 8, 2014).
10.5	Site Lease Agreement (Calvert City) between Westlake Vinyls, Inc. and Westlake Chemical OpCo LP (incorporated by reference to Exhibit 10.5 to Westlake Chemical Partners LP's Current Report on Form 8-K (File No. 001-36567) filed on August 8, 2014).
10.6	Site Lease Agreement (Lake Charles) between Westlake Petrochemical LLC and Westlake Chemical OpCo LP (incorporated by reference to Exhibit 10.6 to Westlake Chemical Partners LP's Current Report on Form 8-K (File No. 001-36567) filed on August 8, 2014).

Exhibit No.	Description
10.7	Amended and Restated Limited Partnership Agreement of Westlake Chemical OpCo LP (incorporated by reference to Exhibit 10.7 to Westlake Chemical Partners LP's Current Report on Form 8-K (File No. 001-36567) filed on August 8, 2014).
10.8	Senior Unsecured Revolving Credit Agreement by and among Westlake Chemical OpCo LP and Westlake Development Corporation, dated as of August 4, 2014 (incorporated by reference to Exhibit 10.9 to Westlake Chemical Partners LP's Current Report on Form 8-K (File No. 001-36567) filed on August 8, 2014).
10.9*	Amended and Restated Senior Unsecured Revolving Credit Agreement by and among Westlake Chemical OpCo LP, Westlake Polymers LLC, and the lenders party thereto, dated as of June 1, 2017.
10.10†	Westlake Chemical Partners LP Long-Term Incentive Plan (incorporated by reference to Exhibit 10.8 to Westlake Chemical Partners LP's Current Report on Form 8-K (File No. 001-36567) filed on August 8, 2014).
10.11	Senior Unsecured Revolving Credit Agreement by and among Westlake Chemical Partners LP and Westlake Chemical Finance Corporation, dated as of April 29, 2015 (incorporated by reference to Exhibit 10.1 to Westlake Chemical Partners LP's Current Report on Form 8-K, filed on April 30, 2015, File No. 001-36567).
10.12	Credit Agreement, dated as of August 10, 2016, by and between Bank of America, N.A. and Westlake International Holdings II C.V. (incorporated by reference to Exhibit 10.3 to Westlake Chemical Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, and filed on November 9, 2016, File No. 001-32260).
10.13	First Amendment to Ethylene Sales Agreement (incorporated herein by reference to Exhibit 10.1 to Westlake Chemical Partners LP's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, filed on August 9, 2016, File No. 1-32260).
10.14	Exchange Agreement, effective as of August 1, 2014, by and between WPT LLC and Westlake Chemical OpCo LP (incorporated by reference to Exhibit 10.20 to Westlake Chemical Partners LP's Annual Report on Form 10-K for the year ended December 30, 2016 (File No. 01-36567) filed on March 7, 2017).
10.15	Investment Management Agreement among Westlake Chemical Corporation, Westlake Chemical OpCo LP, and Westlake Chemical Partners LP, dated as of August 1, 2017 (incorporated by reference to Exhibit 10.1 to Westlake Chemical Partners LP's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, (File No. 01-36567) filed on November 7, 2017).
10.16	First Amendment to Senior Unsecured Revolving Credit Agreement by and between Westlake Chemical Partners LP, as borrower, and Westlake Chemical Finance Corporation, as lender, dated as of August 1, 2017 (incorporated by reference to Exhibit 10.1 to Westlake Chemical Partners LP's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 (File No. 01-36567) filed on August 3, 2017).
10.17	Second Amendment to Senior Unsecured Revolving Credit Agreement by and between Westlake Chemical Partners LP, as borrower, and Westlake Chemical Finance Corporation, as lender, dated as of November 28, 2017 (incorporated by reference to Exhibit 10.24 to Westlake Chemical Partners LP's Annual Report on Form 10-K for the year ended December 31, 2017 (File No. 01-36567) filed on March 1, 2018).
10.18	Form of Phantom Unit Agreement (incorporated by reference to Exhibit 10.12 to Westlake Chemical Partners LP's Annual Report on Form 10-K for the year ended December 31, 2017 (File No. 01-36567) filed on March 1, 2018).
10.19	Equity Distribution Agreement, dated October 4, 2018, by and among Westlake Chemical Partners LP, Westlake Chemical Partners GP LLC, UBS Securities LLC, Barclays Capital Inc., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC and Wells Fargo Securities, LLC (incorporated by reference to Exhibit 1.1 to Westlake Chemical Partners LP's Current Report on Form 8-K filed on October 5, 2018, File No. 001-36567).
10.20	First Amendment to Amended and Restated Senior Unsecured Revolving Credit Agreement (incorporated by reference to Exhibit 10.1 to Westlake Chemical Partners LP's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 (File No. 01-36567) filed on November 6, 2018).
10.21	Second Amendment to Ethylene Sales Agreement (incorporated by reference to Exhibit 10.2 to Westlake Chemical Partners LP's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 (File No. 01-36567) filed on November 6, 2018).
10.22*	First Amendment to Equity Distribution Agreement by and among Westlake Chemical Partners LP, Westlake Chemical Partners GP LLC, UBS Securities LLC, Barclays Capital Inc., BofA Securities, Inc., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., RBC Capital Markets, LLC and Wells Fargo Securities, LLC dated as of February 28, 2020.
21.1*	List of Subsidiaries of Westlake Chemical Partners LP.

Exhibit No.	Description
23.1*	Consent of PricewaterhouseCoopers LLP.
31.1*	Rule 13a - 14(a) / 15d - 14(a) Certification (Principal Executive Officer).
31.2*	Rule 13a - 14(a) / 15d - 14(a) Certification (Principal Financial Officer).
32.1**	Section 1350 Certification (Principal Executive Officer and Principal Financial Officer).
101.INS*	XBRL Instance Document-The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File - The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document and contained in Exhibit 101.

* Filed herewith.

** Furnished herewith.

† Management contract or compensatory plan or arrangement.

†† Confidential status has been granted for certain portions thereof pursuant to the Order Granting Confidential Treatment Under the Securities Act of 1933 issued by the Division of Corporation Finance of the Securities and Exchange Commission filed on August 1, 2014.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

WESTLAKE CHEMICAL PARTNERS LP

Date: February 28, 2020

/s/ ALBERT CHAO

Albert Chao
President, Chief Executive Officer and Director of
Westlake Chemical Partners GP LLC
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ ALBERT CHAO</u> Albert Chao	President, Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2020
<u>/s/ M. STEVEN BENDER</u> M. Steven Bender	Senior Vice President, Chief Financial Officer and Director (Principal Financial Officer)	February 28, 2020
<u>/s/ GEORGE J. MANGIERI</u> George J. Mangieri	Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 28, 2020
<u>/s/ L. BENJAMIN EDERINGTON</u> L. Benjamin Ederington	Vice President, General Counsel, Secretary and Director	February 28, 2020
<u>/s/ JAMES CHAO</u> James Chao	Chairman of the Board of Directors	February 28, 2020
<u>/s/ MAX L. LUKENS</u> Max L. Lukens	Director	February 28, 2020
<u>/s/ ANGELA MINAS</u> Angela Minas	Director	February 28, 2020
<u>/s/ RANDY WOELFEL</u> Randy Woelfel	Director	February 28, 2020

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

The following is a summary of Westlake Chemical Partners LP's ("we," "us" and "our") common units, but this summary does not purport to be complete and is subject to and qualified by reference to our prospectus filed in connection with our initial public offering (our "IPO") and to provisions of applicable law.

The Common Units

The common units are a class of limited partner interests in us. The holders of common units are entitled to participate in partnership distributions and exercise the rights or privileges available to limited partners under our partnership agreement. For a description of the rights of holders of common units in and to distributions, please read this section and "How We Make Distributions to Our Partners." For a description of voting rights, rights of distribution upon liquidation and other rights and privileges of limited partners, including our common units under our partnership agreement, please read "The Partnership Agreement."

Transfer of Common Units

Upon the transfer of a common unit in accordance with our partnership agreement, the transferee of the common unit shall be admitted as a limited partner with respect to the common units transferred when such transfer and admission are reflected in our books and records. Each transferee:

- automatically becomes bound by the terms and conditions of our partnership agreement;
- represents that the transferee has the capacity, power and authority to enter into our partnership agreement; and
- makes the consents, acknowledgements and waivers contained in our partnership agreement.

Our general partner will cause any transfers to be recorded on our books and records from time to time (or shall cause the transfer agent to do so, as applicable).

We may, at our discretion, treat the nominee holder of a common unit as the absolute owner. In that case, the beneficial holder's rights are limited solely to those that it has against the nominee holder as a result of any agreement between the beneficial owner and the nominee holder.

Common units are securities and any transfers are subject to the laws governing the transfer of securities. In addition to other rights acquired upon transfer, the transferor gives the transferee the right to become a substituted limited partner in our partnership for the transferred common units.

Until a common unit has been transferred on our books, we and the transfer agent may treat the record holder of the common unit as the absolute owner for all purposes, except as otherwise required by law or stock exchange regulations.

How We Make Distributions To Our Partners

Operating Surplus and Capital Surplus

General

Any distribution we make is characterized as made from “operating surplus” or “capital surplus.” Distributions from operating surplus are made differently than cash distributions we would make from capital surplus. Operating surplus distributions will be made to our common unitholders and, if we make quarterly distributions above the first target distribution level described below, to the holder of our incentive distribution rights. We do not anticipate that we will make any distributions from capital surplus. In such an event, however, any capital surplus distribution would be made pro rata to all common unitholders, but the incentive distribution rights would generally not participate in any capital surplus distributions. Any distribution of capital surplus would result in a reduction of the minimum quarterly distribution and target distribution levels and, if we reduce the minimum quarterly distribution to zero and eliminate any unpaid arrearages, thereafter capital surplus would be distributed as if it were operating surplus and the incentive distribution rights would thereafter be entitled to participate in such distributions. In determining operating surplus and capital surplus, we will only take into account our proportionate share of our consolidated subsidiaries that are not wholly owned, such as Westlake Chemical OpCo LP.

Operating Surplus

We define operating surplus as:

- \$28.0 million (as described below); plus
- all of our cash receipts after August 4, 2014 (i.e., the closing date of our IPO), excluding cash from interim capital transactions (as defined below) and provided that cash receipts from the termination of any hedge contract prior to its stipulated settlement or termination date will be included in equal quarterly installments over the remaining scheduled life of such hedge contract had it not been terminated; plus
- cash distributions paid in respect of equity issued (including incremental distributions on incentive distribution rights, other than equity issued in our IPO) to finance all or a portion of expansion capital expenditures in respect of the period that commences when we enter into a binding obligation for the acquisition, construction, development or expansion and ending on the earlier to occur of the date any acquisition, construction, development or expansion commences commercial service and the date that it is disposed of or abandoned; plus
- cash distributions paid in respect of equity issued (including incremental distributions on incentive distribution rights) to pay the construction period interest on debt incurred, or to pay construction period distributions on equity issued, to finance the expansion capital expenditures referred to above, in each case, in respect of the period that commences when we enter into a binding obligation for the acquisition, construction, development or expansion and ending on the earlier to occur of the date any acquisition, construction, development or expansion commences commercial service and the date that it is disposed of or abandoned; less
- all of our operating expenditures (as defined below) after the closing of our IPO; less
- the amount of cash reserves established by our general partner to provide funds for future operating expenditures; less
- all working capital borrowings not repaid within twelve months after having been incurred; less
- any cash loss realized on disposition of an investment capital expenditure.

Disbursements made, cash received (including working capital borrowings) or cash reserves established, increased or reduced after the end of a period but on or before the date on which cash or cash equivalents will be distributed, with respect to such period, shall be deemed to have been made, received, established, increased or reduced, for purposes of determining operating surplus, within such period if our general partner so determines. Operating surplus is not limited to cash generated by our operations. For example, it includes a basket of \$28.0 million that enables us, if we choose, to distribute as operating surplus cash we receive in the future from non-operating sources such as asset sales, issuances of securities and long-term borrowings that would otherwise be distributed as capital surplus. In addition, the effect of including, as described above, certain cash distributions on equity interests in operating surplus will be to increase operating surplus by the amount of any

such cash distributions. As a result, we may also distribute as operating surplus up to the amount of any such cash that we receive from non-operating sources.

The proceeds of working capital borrowings increase operating surplus and repayments of working capital borrowings are generally operating expenditures, as described below, and thus reduce operating surplus when made. However, if a working capital borrowing is not repaid during the 12-month period following the borrowing, it will be deducted from operating surplus at the end of such period, thus decreasing operating surplus at such time. When such working capital borrowing is in fact repaid, it will be excluded from operating expenditures because operating surplus will have been previously reduced by the deduction.

We define operating expenditures in our partnership agreement, and it generally means all of our cash expenditures, including, but not limited to, taxes, reimbursement of expenses to our general partner or its affiliates, payments made under hedge contracts (provided that (i) with respect to amounts paid in connection with the initial purchase of a hedge contract, such amounts will be amortized over the life of the applicable hedge contract, and (ii) payments made in connection with the termination of any hedge contract prior to the expiration of its stipulated settlement or termination date will be included in operating expenditures in equal quarterly installments over the remaining scheduled life of such hedge contract), officer and director compensation, repayment of working capital borrowings, interest on indebtedness and maintenance capital expenditures (as discussed in further detail below), provided that operating expenditures will not include:

- repayment of working capital borrowings deducted from operating surplus pursuant to the penultimate bullet point of the definition of operating surplus above when such repayment actually occurs;
- payments (including prepayments and prepayment penalties and the purchase price of indebtedness that is repurchased and cancelled) of principal of and premium on indebtedness, other than working capital borrowings;
- expansion capital expenditures;
- investment capital expenditures;
- payment of transaction expenses relating to interim capital transactions;
- distributions to our partners (including distributions in respect of our incentive distribution rights);
- repurchases of equity interests except to fund obligations under employee benefit plans; or
- any other expenditures or payments using proceeds from offerings of capital stock or debt in the partnership.

Capital Surplus

Capital surplus is defined in our partnership agreement as any cash distributed in excess of our operating surplus. Accordingly, capital surplus would generally be generated only by the following (which we refer to as “interim capital transactions”):

- borrowings other than working capital borrowings;
- sales of our equity interests;
- sales or other dispositions of assets for cash, other than inventory, accounts receivable and other assets sold in the ordinary course of business or as part of normal retirement or replacement of assets; and
- capital contributions received.

Characterization of Cash Distributions

Our partnership agreement provides that we treat all cash distributed as coming from operating surplus until the sum of all cash distributed since the closing date of our IPO (other than any distributions of proceeds of our IPO), equals the operating surplus from the closing of our IPO. Our partnership agreement provides that we treat any amount distributed in excess of operating surplus, regardless of its source, as distributions of capital surplus. We do not anticipate that we will make any distributions from capital surplus.

Capital Expenditures

Maintenance capital expenditures reduce operating surplus, but expansion capital expenditures and investment capital expenditures do not. Maintenance capital expenditures are those cash expenditures made to maintain our long-term operating capacity or net income. Examples of maintenance capital expenditures include expenditures associated with the replacement of equipment, to the extent such expenditures are made to maintain our long-term operating capacity or net income. Cash expenditures made solely for investment purposes are not considered maintenance capital expenditures.

Expansion capital expenditures are those cash expenditures, including transaction expenses, made to increase our operating capacity or net income over the long term. Examples of expansion capital expenditures include the acquisition of equipment, development of a new facility or the expansion of an existing facility, to the extent such expenditures are expected to expand our long-term operating capacity or net income. Expansion capital expenditures also include interest (and related fees) on debt incurred and distributions on equity issued (including incremental distributions on incentive distribution rights) to finance all or any portion of such acquisition, construction, development or expansion in respect of the period that commences when we enter into a binding obligation for the acquisition, construction, development or expansion and ending on the earlier to occur of the date any acquisition, construction, development or expansion commences commercial service and the date that it is disposed of or abandoned. Expenditures made solely for investment purposes are not considered expansion capital expenditures.

Investment capital expenditures are those capital expenditures, including transaction expenses, that are neither maintenance capital expenditures nor expansion capital expenditures. Investment capital expenditures largely consist of capital expenditures made for investment purposes. Examples of investment capital expenditures include traditional capital expenditures for investment purposes, such as purchases of securities, as well as other cash expenditures that might be made in lieu of such traditional investment capital expenditures, such as the acquisition of an asset for investment purposes or development of assets that are in excess of the maintenance of our existing operating capacity or net income, but which are not expected to expand, for more than the short term, our operating capacity or net income.

As described above, neither investment capital expenditures nor expansion capital expenditures are operating expenditures, and thus do not reduce operating surplus. Because expansion capital expenditures include interest payments (and related fees) on debt incurred to finance all or a portion of an acquisition, development or expansion in respect of a period that begins when we enter into a binding obligation for an acquisition, construction, development or expansion and ends on the earlier to occur of the date on which such acquisition, construction, development or expansion commences commercial service and the date that it is abandoned or disposed of, such interest payments also do not reduce operating surplus. Losses on disposition of an investment capital expenditure reduce operating surplus when realized and cash receipts from an investment capital expenditure are treated as a cash receipt for purposes of calculating operating surplus only to the extent the cash receipt is a return on principal.

Cash expenditures that are made in part for maintenance capital purposes, investment capital purposes or expansion capital purposes are allocated as maintenance capital expenditures, investment capital expenditures or expansion capital expenditures by our general partner.

Distributions From Operating Surplus

If we make distributions of cash from operating surplus, our partnership agreement requires that we make the distribution in the following manner:

- *first*, to all common unitholders, pro rata, until we distribute for each common unit an amount equal to the minimum quarterly distribution for that quarter; and
- *thereafter*, in the manner described in “—Incentive Distribution Rights” below.

General Partner Interest

Our general partner owns a non-economic general partner interest in us, which does not entitle it to receive cash distributions. However, our general partner may in the future own common units or other equity interests in us and will be entitled to receive distributions on any such interests.

Incentive Distribution Rights

Incentive distribution rights represent the right to receive increasing percentages (15.0%, 25.0% and 50.0%) of quarterly distributions from operating surplus after the minimum quarterly distribution and the target distribution levels have been achieved. Our general partner currently holds the incentive distribution rights, but may transfer these rights separately from its general partner interest.

If for any quarter:

- we have distributed cash from operating surplus to the common unitholders in an amount equal to the minimum quarterly distribution; and
- we have distributed cash from operating surplus to the common unitholders in an amount necessary to eliminate any cumulative arrearages in payment of the minimum quarterly distribution;

then we will make additional distributions from operating surplus for that quarter among the common unitholders and the holders of the incentive distribution rights in the following manner:

- *first*, to all common unitholders, pro rata, until each common unitholder receives a total of \$1.2938 per unit for that quarter (the “first target distribution”);
- *second*, 85.0% to all common unitholders, pro rata, and 15.0% to the holders of our incentive distribution rights, until each common unitholder receives a total of \$1.4063 per unit for that quarter (the “second target distribution”);
- *third*, 75.0% to all common unitholders, pro rata, and 25.0% to the holders of our incentive distribution rights, until each common unitholder receives a total of \$1.6875 per unit for that quarter (the “third target distribution”); and
- *thereafter*, 50.0% to all common unitholders, pro rata, and 50.0% to the holders of our incentive distribution rights.

Percentage Allocations of Distributions From Operating Surplus

The following table illustrates the percentage allocations of distributions from operating surplus between the common unitholders and the holders of our incentive distribution rights based on the specified target distribution levels. The amounts set forth under the column heading “Marginal Percentage Interest in Distributions” are the percentage interests of the holders of our incentive distribution rights and the common unitholders in any distributions from operating surplus we distribute up to and including the corresponding amount in the column “Total Quarterly Distribution Per Unit.” The percentage interests shown for our common unitholders and the holders of our incentive distribution rights for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution. The percentage interests set forth below assume there are no arrearages on common units.

	Total Quarterly Distribution Per Unit	Marginal Percentage Interest in Distributions	
		Common unitholders	IDR Holders
First Target Distribution	above \$1.1250 up to \$1.2938	100.0%	0%
Second Target Distribution	above \$1.2938 up to \$1.4063	85.0%	15.0%
Third Target Distribution	above \$1.4063 up to \$1.6875	75.0%	25.0%
Thereafter	above \$1.6875	50.0%	50.0%

Incentive Distribution Right Holders’ Right to Reset Incentive Distribution Levels

Our general partner, as the initial holder of our incentive distribution rights, has the right after we have made the third target distribution for four consecutive quarters to elect to relinquish the right to receive incentive distribution payments based on the initial target distribution levels and to reset, at higher levels, the target distribution levels upon which the incentive distribution payments would be set. If our general partner transfers all or a portion of the incentive distribution rights in the future, then the holder or holders of a majority of our incentive distribution rights will be entitled to exercise this right. The following discussion assumes that our general partner holds all of the incentive distribution rights at the time that a reset election is made.

The right to reset the target distribution levels upon which the incentive distributions are based may be exercised, without approval of our common unitholders or the conflicts committee of our general partner, at any time when we have made cash distributions in excess of the then-applicable third target distribution for the prior four consecutive fiscal quarters. The reset target distribution levels will be higher than the most recent per unit distribution level prior to the reset election and higher than the target distribution levels prior to the reset such that there will be no incentive distributions paid under the reset target distribution levels until cash distributions per unit following the reset event increase as described below. Because the reset target distribution levels will be higher than the most recent per unit distribution level prior to the reset, if we were to issue

additional common units after the reset and maintain the per unit distribution level, no additional incentive distributions would be payable. By contrast, if there were no such reset and we were to issue additional common units and maintain the per unit distribution level, additional incentive distributions would have to be paid based on the additional number of outstanding common units and the percentage interest of the incentive distribution rights above the target distribution levels. Thus, the exercise of the reset right would lower our cost of equity capital. Our general partner could exercise this reset right in order to facilitate acquisitions or internal growth projects that would otherwise not be sufficiently accretive to cash distributions per common unit, taking into account the existing levels of incentive distribution payments being made.

In connection with the resetting of the target distribution levels and the corresponding relinquishment by our general partner of incentive distribution payments based on the target cash distributions prior to the reset, our general partner will be entitled to receive a number of newly issued common units based on the formula described below that takes into account the “cash parity” value of the cash distributions related to the incentive distribution rights for the quarter prior to the reset event as compared to the cash distribution per common unit in such quarter.

The number of common units to be issued in connection with a resetting of the minimum quarterly distribution amount and the target distribution levels would equal the quotient determined by dividing (x) the amount of cash distributions received in respect of the incentive distribution rights for the fiscal quarter ended immediately prior to the date of such reset election by (y) the amount of cash distributed per common unit with respect to such quarter.

Following a reset election, a baseline minimum quarterly distribution amount will be calculated as an amount equal to the cash distribution amount per unit for the fiscal quarter immediately preceding the reset election (which amount we refer to as the “reset minimum quarterly distribution”) and the target distribution levels will be reset to be correspondingly higher such that we would make distributions from operating surplus for each quarter thereafter as follows:

- *first*, to all common unitholders, pro rata, until each common unitholder receives an amount per unit for that quarter equal to 115.0% of the reset minimum quarterly distribution;
- *second*, 85.0% to all common unitholders, pro rata, and 15.0% to the holders of our incentive distribution rights, until each common unitholder receives an amount per unit for that quarter equal to 125.0% of the reset minimum quarterly distribution;
- *third*, 75.0% to all common unitholders, pro rata, and 25.0% to the holders of our incentive distribution rights, until each common unitholder receives an amount per unit for that quarter equal to 150.0% of the reset minimum quarterly distribution; and
- *thereafter*, 50.0% to all common unitholders, pro rata, and 50.0% to the holders of our incentive distribution rights.

The holders of our incentive distribution rights are entitled to cause the target distribution levels to be reset on more than one occasion. There are no restrictions on the ability to exercise their reset right multiple times, but the requirements for exercise must be met each time. Because one of the requirements is that we make cash distributions in excess of the then-applicable third target distribution for the prior four consecutive fiscal quarters, a minimum of four quarters must elapse between each reset.

Distributions From Capital Surplus

How Distributions From Capital Surplus Will Be Made

Our partnership agreement requires that we make distributions from capital surplus, if any, in the following manner:

- *first*, to all common unitholders, pro rata, until the minimum quarterly distribution is reduced to zero, as described below;
- *second*, to the common unitholders, pro rata, until we distribute for each common unit an amount from capital surplus equal to any unpaid arrearages in payment of the minimum quarterly distribution on the common units; and
- *thereafter*, we will make all distributions from capital surplus as if they were from operating surplus.

Effect of a Distribution From Capital Surplus

Our partnership agreement treats a distribution of capital surplus as the repayment of the initial unit price from our IPO, which is a return of capital. Each time a distribution of capital surplus is made, the minimum quarterly distribution and the

target distribution levels will be reduced in the same proportion as the distribution of capital surplus to the fair market value of the common units prior to the announcement of the distribution. Because distributions of capital surplus will reduce the minimum quarterly distribution and target distribution levels after any of these distributions are made, it may be easier for our general partner to receive incentive distributions. However, any distribution of capital surplus before the minimum quarterly distribution is reduced to zero cannot be applied to the payment of the minimum quarterly distribution or any arrearages.

Once we reduce the minimum quarterly distribution and target distribution levels to zero, all future distributions will be made such that 50.0% is paid to all common unitholders, pro rata, and 50.0% is paid to the holder or holders of incentive distribution rights, pro rata.

Adjustment to the Minimum Quarterly Distribution and Target Distribution Levels

In addition to adjusting the minimum quarterly distribution and target distribution levels to reflect a distribution of capital surplus, if we combine our common units into fewer common units or subdivide our common units into a greater number of common units, our partnership agreement specifies that the following items will be proportionately adjusted:

- the minimum quarterly distribution;
- the target distribution levels;
- the initial unit price, as described below under “—Distributions of Cash Upon Liquidation”; and
- the per unit amount of any outstanding arrearages in payment of the minimum quarterly distribution on the common units.

We will not make any adjustment by reason of the issuance of additional units for cash or property.

In addition, if, as a result of a change in law or interpretation thereof, we or any of our subsidiaries is treated as an association taxable as a corporation or is otherwise subject to additional taxation as an entity for U.S. federal, state, local or non-U.S. income or withholding tax purposes, our general partner may, in its sole discretion, reduce the minimum quarterly distribution and the target distribution levels for each quarter by multiplying each distribution level by a fraction, the numerator of which is cash for that quarter (after deducting our general partner’s estimate of our additional aggregate liability for the quarter for such income and withholdings taxes payable by reason of such change in law or interpretation) and the denominator of which is the sum of (i) cash for that quarter, plus (ii) our general partner’s estimate of our additional aggregate liability for the quarter for such income and withholding taxes payable by reason of such change in law or interpretation thereof. To the extent that the actual tax liability differs from the estimated tax liability for any quarter, the difference will be accounted for in distributions with respect to subsequent quarters.

Distributions of Cash Upon Liquidation

General

If we dissolve in accordance with the partnership agreement, we will sell or otherwise dispose of our assets in a process called liquidation. We will first apply the proceeds of liquidation to the payment of our creditors. We will distribute any remaining proceeds to the common unitholders and the holders of the incentive distribution rights, in accordance with their capital account balances, as adjusted to reflect any gain or loss upon the sale or other disposition of our assets in liquidation.

The allocations of gain and loss upon liquidation are intended, to the extent possible, to entitle the holders of units to a repayment of the initial value contributed by common unitholders for their units in our IPO, which we refer to as the “initial unit price” for each unit. The allocations of gain and loss upon liquidation are also intended, to the extent possible, to permit common unitholders to receive their initial unit price plus the minimum quarterly distribution for the quarter during which liquidation occurs plus any unpaid arrearages in payment of the minimum quarterly distribution on the common units. However, there may not be sufficient gain upon our liquidation to enable the common unitholders to fully recover all of these amounts. Any further net gain recognized upon liquidation will be allocated in a manner that takes into account the incentive distribution rights.

Manner of Adjustments for Gain

The manner of the adjustment for gain is set forth in the partnership agreement. We will generally allocate any gain to the partners in the following manner:

- *first*, to our general partner to the extent of certain prior losses specially allocated to our general partner;
- *second*, to the common unitholders, pro rata, until the capital account for each common unit is equal to the sum of: (1) the initial unit price; (2) the amount of the minimum quarterly distribution for the quarter during which our liquidation occurs; and (3) any unpaid arrearages in payment of the minimum quarterly distribution;
- *third*, to all common unitholders, pro rata, until we allocate under this bullet an amount per unit equal to: (1) the sum of the excess of the first target distribution per unit over the minimum quarterly distribution per unit for each quarter of our existence; less (2) the cumulative amount per unit of any distributions from operating surplus in excess of the minimum quarterly distribution per unit that we distributed to the common unitholders, pro rata, for each quarter of our existence;
- *fourth*, 85.0% to all common unitholders, pro rata, and 15.0% to the holders of our incentive distribution rights, until we allocate under this bullet an amount per unit equal to: (1) the sum of the excess of the second target distribution per unit over the first target distribution per unit for each quarter of our existence; less (2) the cumulative amount per unit of any distributions from operating surplus in excess of the first target distribution per unit that we distributed 85.0% to the common unitholders, pro rata, and 15.0% to the holders of our incentive distribution rights for each quarter of our existence;
- *fifth*, 75.0% to all common unitholders, pro rata, and 25.0% to the holders of our incentive distribution rights, until we allocate under this bullet an amount per unit equal to: (1) the sum of the excess of the third target distribution per unit over the second target distribution per unit for each quarter of our existence; less (2) the cumulative amount per unit of any distributions from operating surplus in excess of the second target distribution per unit that we distributed 75.0% to the common unitholders, pro rata, and 25.0% to the holders of our incentive distribution rights for each quarter of our existence; and
- *thereafter*, 50.0% to all common unitholders, pro rata, and 50.0% to holders of our incentive distribution rights.

Manner of Adjustments for Losses

We will generally allocate any loss to our general partner and the common unitholders in the following manner:

- first, to the holders of common units in proportion to the positive balances in their capital accounts, until the capital accounts of the common unitholders have been reduced to zero; and
- thereafter, 100.0% to our general partner.

Adjustments to Capital Accounts

Our partnership agreement requires that we make adjustments to capital accounts upon the issuance of additional units. In this regard, our partnership agreement specifies that we allocate any unrealized and, for federal income tax purposes, unrecognized gain resulting from the adjustments to the common unitholders and the holders of our incentive distribution rights in the same manner as we allocate gain upon liquidation. In the event that we make positive adjustments to the capital accounts upon the issuance of additional units, our partnership agreement requires that we generally allocate any later negative adjustments to the capital accounts resulting from the issuance of additional units or upon our liquidation in a manner that results, to the extent possible, in the partners' capital account balances equaling the amount that they would have been if no earlier positive adjustments to the capital accounts had been made. In contrast to the allocations of gain, and except as provided above, we generally will allocate any unrealized and unrecognized loss resulting from the adjustments to capital accounts upon the issuance of additional units to the common unitholders and the holders of our incentive distribution rights based on their respective percentage ownership of us.

The Partnership Agreement

The following is a summary of the material provisions of our partnership agreement.

Capital Contributions

Common unitholders are not obligated to make additional capital contributions, except as described below under “—Limited Liability.”

Voting Rights

The following is a summary of the common unitholder vote required for approval of the matters specified below. Matters that call for the approval of a “unit majority” require the approval of a majority of the common units.

In voting their common units, our general partner and its affiliates have no duty or obligation whatsoever to us or the limited partners, including any duty to act in the best interests of us or the limited partners.

The incentive distribution rights may be entitled to vote in certain circumstances.

<u>Action</u>	<u>Common Unitholder Approval Required</u>
Issuance of additional units	No approval right.
Amendment of the partnership agreement	Certain amendments may be made by our general partner without the approval of the common unitholders. Other amendments generally require the approval of a unit majority. Please read “—Amendment of the Partnership Agreement.”
Merger of our partnership or the sale of all or substantially all of our assets	Unit majority in certain circumstances. Please read “—Merger, Consolidation, Conversion, Sale or Other Disposition of Assets.”
Dissolution of our partnership	Unit majority. Please read “—Dissolution.”
Continuation of our business upon dissolution	Unit majority. Please read “—Dissolution.”
Withdrawal of our general partner	Under most circumstances, the approval of a majority of the common units, excluding common units held by our general partner and its affiliates, is required for the withdrawal of our general partner prior to June 30, 2024 in a manner that would cause a dissolution of our partnership. Please read “—Withdrawal or Removal of Our General Partner.”
Removal of our general partner	Not less than 66 2/3% of the outstanding units, voting as a single class, including units held by our general partner and its affiliates. Please read “—Withdrawal or Removal of Our General Partner.”
Transfer of our general partner interest	No approval right.
Transfer of incentive distribution rights	No approval right.
Transfer of ownership interests in our general partner	No approval right.

If any person or group other than our general partner and its affiliates acquires beneficial ownership of 20% or more of any class of units, that person or group loses voting rights on all of its units. This loss of voting rights does not apply to any person or group that acquires the units from our general partner or its affiliates and any transferees of that person or group approved by our general partner or to any person or group who acquires the units with the specific prior approval of our general partner.

Applicable Laws; Forum; Venue and Jurisdiction

Our partnership agreement is governed by Delaware law. Our partnership agreement requires that any claims, suits, actions or proceedings:

- arising out of or relating in any way to the partnership agreement (including any claims, suits or actions to interpret, apply or enforce the provisions of the partnership agreement or the duties, obligations or liabilities among limited partners or of limited partners to us, or the rights or powers of, or restrictions on, the limited partners or us);
- brought in a derivative manner on our behalf;
- asserting a claim of breach of a duty owed by any director, officer or other employee of us or our general partner, or owed by our general partner, to us or the limited partners;
- asserting a claim arising pursuant to any provision of the Delaware Revised Uniform Limited Partnership Act (the “Delaware Act”); or
- asserting a claim governed by the internal affairs doctrine

shall be exclusively brought in the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, any other court located in the State of Delaware with subject matter jurisdiction), regardless of whether such claims, suits, actions or proceedings sound in contract, tort, fraud or otherwise, are based on common law, statutory, equitable, legal or other grounds, or are derivative or direct claims; provided, however, that this provision would not apply to claims brought to enforce a duty or liability created by the Securities Act of 1933, the Exchange Act of 1934 or any other claim for which the federal courts have exclusive jurisdiction.

If any person brings any of the aforementioned claims, suits, actions or proceedings and such person does not obtain a judgment on the merits that substantially achieves, in substance and amount, the full remedy sought, then such person shall be obligated to reimburse us and our affiliates for all fees, costs and expenses of every kind and description, including but not limited to all reasonable attorneys' fees and other litigation expenses, that the parties may incur in connection with such claim, suit, action or proceeding.

By purchasing a common unit, a limited partner is irrevocably consenting to these limitations and provisions regarding claims, suits, actions or proceedings and submitting to the exclusive jurisdiction of the Court of Chancery of the State of Delaware (or such other court) in connection with any such claims, suits, actions or proceedings.

Limited Liability

Assuming that a limited partner does not participate in the control of our business within the meaning of the Delaware Act and that he otherwise acts in conformity with the provisions of the partnership agreement, his liability under the Delaware Act is limited, subject to possible exceptions, to the amount of capital he is obligated to contribute to us for his common units plus his share of any undistributed profits and assets. However, if it were determined that the right, or exercise of the right, by the limited partners as a group:

- to remove or replace our general partner;
- to approve some amendments to our partnership agreement; or
- to take other action under our partnership agreement;

constituted “participation in the control” of our business for the purposes of the Delaware Act, then the limited partners could be held personally liable for our obligations under the laws of Delaware, to the same extent as our general partner. This liability would extend to persons who transact business with us under the reasonable belief that the limited partner is a general partner. Neither our partnership agreement nor the Delaware Act specifically provides for legal recourse against our general partner if a limited partner were to lose limited liability through any fault of our general partner.

Under the Delaware Act, a limited partnership may not make a distribution to a partner if, after the distribution, all liabilities of the limited partnership, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of the partnership, would exceed the fair value of the assets of the limited partnership. For the purpose of determining the fair value of the assets of a limited partnership, the Delaware Act provides that the fair value of property subject to liability for which recourse of creditors is limited shall be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds the nonrecourse liability. The Delaware Act provides that a limited partner who receives a distribution and knew at the time of the distribution that the

distribution was in violation of the Delaware Act shall be liable to the limited partnership for the amount of the distribution for three years.

Our subsidiaries conduct business in several states and we may have subsidiaries that conduct business in other states or countries in the future. Maintenance of our limited liability as owner of our operating subsidiaries may require compliance with legal requirements in the jurisdictions in which the operating subsidiaries conduct business, including qualifying our subsidiaries to do business there.

Limitations on the liability of members or limited partners for the obligations of a limited liability company or limited partnership have not been clearly established in many jurisdictions. If, by virtue of our ownership interest in our subsidiaries or otherwise, it were determined that we were conducting business in any jurisdiction without compliance with the applicable limited partnership or limited liability company statute, or that the right or exercise of the right by the limited partners as a group to remove or replace our general partner, to approve some amendments to our partnership agreement, or to take other action under our partnership agreement constituted “participation in the control” of our business for purposes of the statutes of any relevant jurisdiction, then the limited partners could be held personally liable for our obligations under the law of that jurisdiction to the same extent as our general partner under the circumstances. We will operate in a manner that our general partner considers reasonable and necessary or appropriate to preserve the limited liability of the limited partners.

Issuance of Additional Interests

Our partnership agreement authorizes us to issue an unlimited number of additional partnership interests for the consideration and on the terms and conditions determined by our general partner without the approval of the common unitholders.

It is possible that we will fund acquisitions through the issuance of additional common units or other partnership interests. Holders of any additional common units we issue will be entitled to share equally with the then-existing common unitholders in our distributions. In addition, the issuance of additional common units or other partnership interests may dilute the value of the interests of the then-existing common unitholders in our net assets.

In accordance with Delaware law and the provisions of our partnership agreement, we may also issue additional partnership interests that, as determined by our general partner, may have rights to distributions or special voting rights to which the common units are not entitled. In addition, our partnership agreement does not prohibit our subsidiaries from issuing equity interests, which may effectively rank senior to the common units.

Our general partner will have the right, which it may from time to time assign in whole or in part to any of its affiliates, to purchase common units or other partnership interests whenever, and on the same terms that, we issue partnership interests to persons other than our general partner and its affiliates, to the extent necessary to maintain the percentage interest of our general partner and its affiliates, including such interest represented by common units, that existed immediately prior to each issuance. The common unitholders will not have preemptive rights under our partnership agreement to acquire additional common units or other partnership interests.

Amendment of the Partnership Agreement

General

Amendments to our partnership agreement may be proposed only by our general partner. However, our general partner has no duty or obligation to propose any amendment and may decline to do so free of any duty or obligation whatsoever to us or the limited partners, including any duty to act in the best interests of us or the limited partners. In order to adopt a proposed amendment, other than the amendments discussed below, our general partner is required to seek written approval of the holders of the number of units required to approve the amendment or to call a meeting of the limited partners to consider and vote upon the proposed amendment. Except as described below, an amendment must be approved by a unit majority.

Prohibited Amendments

No amendment may be made that would:

- enlarge the obligations of any limited partner without his consent, unless approved by at least a majority of the type or class of limited partner interests so affected; or
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- enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by us to our general partner or any of its affiliates without the consent of our general partner, which consent may be given or withheld in its sole discretion.

The provision of our partnership agreement preventing the amendments having the effects described in the clauses above can be amended upon the approval of the holders of at least 90.0% of the outstanding units, voting as a single class (including units owned by our general partner and its affiliates).

No Common Unitholder Approval

Our general partner may generally make amendments to our partnership agreement without the approval of any limited partner to reflect:

- a change in our name, the location of our principal place of business, our registered agent or our registered office;
- the admission, substitution, withdrawal or removal of partners in accordance with our partnership agreement;
- a change that our general partner determines to be necessary or appropriate to qualify or continue our qualification as a limited partnership or other entity in which the limited partners have limited liability under the laws of any state or to ensure that neither we nor any of our subsidiaries will be treated as an association taxable as a corporation or otherwise taxed as an entity for federal income tax purposes (to the extent not already so treated or taxed);
- an amendment that is necessary, in the opinion of our counsel, to prevent us or our general partner or its directors, officers, agents or trustees from in any manner being subjected to the provisions of the Investment Company Act of 1940, the Investment Advisers Act of 1940 or “plan asset” regulations adopted under the Employee Retirement Income Security Act of 1974, whether or not substantially similar to plan asset regulations currently applied or proposed;
- an amendment that our general partner determines to be necessary or appropriate in connection with the creation, authorization or issuance of additional partnership interests or the right to acquire partnership interests;
- any amendment expressly permitted in our partnership agreement to be made by our general partner acting alone;
- an amendment effected, necessitated or contemplated by a merger agreement that has been approved under the terms of our partnership agreement;
- any amendment that our general partner determines to be necessary or appropriate for the formation by us of, or our investment in, any corporation, partnership or other entity, as otherwise permitted by our partnership agreement;
- a change in our fiscal year or taxable year and related changes;
- conversions into, mergers with or conveyances to another limited liability entity that is newly formed and has no assets, liabilities or operations at the time of the conversion, merger or conveyance other than those it receives by way of the conversion, merger or conveyance; or
- any other amendments substantially similar to any of the matters described in the clauses above.

In addition, our general partner may make amendments to our partnership agreement, without the approval of any limited partner, if our general partner determines that those amendments:

- do not adversely affect in any material respect the limited partners, considered as a whole, or any particular class of limited partners, as compared to other classes of limited partners;
 - are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute;
 - are necessary or appropriate to facilitate the trading of limited partner interests or to comply with any rule, regulation, guideline or requirement of any securities exchange on which the limited partner interests are or will be listed for trading;
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- are necessary or appropriate for any action taken by our general partner relating to splits or combinations of units under the provisions of our partnership agreement; or
- are required to effect the intent expressed in the prospectus used in connection with our IPO or the intent of the provisions of our partnership agreement or are otherwise contemplated by our partnership agreement.

Opinion of Counsel and Common Unitholder Approval

Any amendment that our general partner determines adversely affects in any material respect one or more particular classes of limited partners, and is not permitted to be adopted by our general partner without limited partner approval, requires the approval of at least a majority of the class or classes so affected, but no vote is required by any class or classes of limited partners that our general partner determines are not adversely affected in any material respect. Any such amendment that would have a material adverse effect on the rights or preferences of any type or class of outstanding units in relation to other classes of units requires the approval of at least a majority of the type or class of units so affected. Any such amendment that reduces the voting percentage required to take any action other than to remove the general partner or call a meeting of common unitholders is required to be approved by the affirmative vote of limited partners whose aggregate outstanding units constitute not less than the voting requirement sought to be reduced. Any such amendment that increases the percentage of units required to remove the general partner or call a meeting of common unitholders must be approved by the affirmative vote of limited partners whose aggregate outstanding units constitute not less than the percentage sought to be increased. For amendments of the type not requiring common unitholder approval, our general partner is not required to obtain an opinion of counsel that an amendment will neither result in a loss of limited liability to the limited partners nor result in our being treated as a taxable entity for federal income tax purposes in connection with any of the amendments. No other amendments to our partnership agreement will become effective without the approval of holders of at least 90% of the outstanding units, voting as a single class, unless we first obtain an opinion of counsel to the effect that the amendment will not affect the limited liability under applicable law of any of our limited partners.

Merger, Consolidation, Conversion, Sale or Other Disposition of Assets

A merger, consolidation or conversion of us requires the prior consent of our general partner. However, our general partner has no duty or obligation to consent to any merger, consolidation or conversion and may decline to do so free of any duty or obligation whatsoever to us or the limited partners, including any duty to act in the best interest of us or the limited partners.

In addition, our partnership agreement generally prohibits our general partner, without the prior approval of the holders of a unit majority, from causing us to sell, exchange or otherwise dispose of all or substantially all of our assets in a single transaction or a series of related transactions, including by way of merger, consolidation or other combination. Our general partner may, however, mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our assets without such approval. Our general partner may also sell any or all of our assets under a foreclosure or other realization upon those encumbrances without such approval. Finally, our general partner may consummate any merger without the prior approval of our common unitholders if we are the surviving entity in the transaction, our general partner has received an opinion of counsel regarding limited liability and tax matters, the transaction would not result in a material amendment to the partnership agreement (other than an amendment that the general partner could adopt without the consent of other partners), each of our units will be an identical unit of our partnership following the transaction and the partnership interests to be issued do not exceed 20% of our outstanding partnership interests (other than incentive distribution rights) immediately prior to the transaction.

If the conditions specified in our partnership agreement are satisfied, our general partner may convert us or any of our subsidiaries into a new limited liability entity or merge us or any of our subsidiaries into, or convey all of our assets to, a newly formed entity, if the sole purpose of that conversion, merger or conveyance is to effect a mere change in our legal form into another limited liability entity, our general partner has received an opinion of counsel regarding limited liability and tax matters and the governing instruments of the new entity provide the limited partners and our general partner with the same rights and obligations as contained in our partnership agreement. Our common unitholders are not entitled to dissenters' rights of appraisal under our partnership agreement or applicable Delaware law in the event of a conversion, merger or consolidation, a sale of substantially all of our assets or any other similar transaction or event.

Dissolution

We will continue as a limited partnership until dissolved under our partnership agreement. We will dissolve upon:

- the election of our general partner to dissolve us, if approved by a unit majority;
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- there being no limited partners, unless we are continued without dissolution in accordance with applicable Delaware law;
- the entry of a decree of judicial dissolution of our partnership; or
- the withdrawal or removal of our general partner or any other event that results in its ceasing to be our general partner other than by reason of a transfer of its general partner interest in accordance with our partnership agreement or its withdrawal or removal following the approval and admission of a successor.

Upon a dissolution under the last clause above, the holders of a unit majority may also elect, within specific time limitations, to continue our business on the same terms and conditions described in our partnership agreement by appointing as a successor general partner an entity approved by a unit majority, subject to our receipt of an opinion of counsel to the effect that:

- the action would not result in the loss of limited liability under Delaware law of any limited partner; and
- neither our partnership nor any of our subsidiaries would be treated as an association taxable as a corporation or otherwise be taxable as an entity for federal income tax purposes upon the exercise of that right to continue (to the extent not already so treated or taxed).

Liquidation and Distribution of Proceeds

Upon our dissolution, unless we are continued as a new limited partnership, the liquidator authorized to wind up our affairs will, acting with all of the powers of our general partner that are necessary or appropriate, liquidate our assets and apply the proceeds of the liquidation as described in “How We Make Distributions to Our Partners—Distributions of Cash Upon Liquidation.” The liquidator may defer liquidation or distribution of our assets for a reasonable period of time or distribute assets to partners in kind if it determines that a sale would be impractical or would cause undue loss to our partners.

Withdrawal or Removal of Our General Partner

Except as described below, our general partner has agreed not to withdraw voluntarily as our general partner prior to June 30, 2024 without obtaining the approval of the holders of at least a majority of the outstanding common units, excluding common units held by our general partner and its affiliates, and furnishing an opinion of counsel regarding limited liability and tax matters. On or after June 30, 2024, our general partner may withdraw as general partner without first obtaining approval of any common unitholder by giving 90 days’ written notice, and that withdrawal will not constitute a violation of our partnership agreement. Notwithstanding the information above, our general partner may withdraw without common unitholder approval upon 90 days’ notice to the limited partners if at least 50% of the outstanding units are held or controlled by one person and its affiliates, other than our general partner and its affiliates. In addition, our partnership agreement permits our general partner, in some instances, to sell or otherwise transfer all of its general partner interest in us without the approval of the common unitholders.

Upon withdrawal of our general partner under any circumstances, other than as a result of a transfer by our general partner of all or a part of its general partner interest in us, the holders of a unit majority may select a successor to that withdrawing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability and tax matters cannot be obtained, we will be dissolved, wound up and liquidated, unless within a specified period after that withdrawal the holders of a unit majority agree in writing to continue our business and to appoint a successor general partner. Please read “—Dissolution.”

Our general partner may not be removed unless that removal is approved by the vote of the holders of not less than 66 2/3% of the outstanding units, voting together as a single class, including units held by our general partner and its affiliates, and we receive an opinion of counsel regarding limited liability and tax matters. Any removal of our general partner is also subject to the approval of a successor general partner by the vote of the holders of a majority of the outstanding common units, voting as a class. The ownership of more than 33 1/3% of the outstanding units by our general partner and its affiliates gives them the ability to prevent our general partner’s removal.

In the event of the removal of our general partner under circumstances where cause exists or withdrawal of our general partner where that withdrawal violates our partnership agreement, a successor general partner will have the option to purchase the general partner interest of the departing general partner and the incentive distribution rights of its affiliates for a cash payment equal to the fair market value of such interests. Under all other circumstances where our general partner withdraws or is removed by the limited partners, the departing general partner will have the option to require the successor general partner to

purchase the general partner interest of the departing general partner and the incentive distribution rights of its affiliates for fair market value. This fair market value will be determined by agreement between the departing general partner and the successor general partner. If no agreement is reached, an independent investment banking firm or other independent expert selected by the departing general partner and the successor general partner will determine the fair market value. Or, if the departing general partner and the successor general partner cannot agree upon an expert, then an expert chosen by agreement of the experts selected by each of them will determine the fair market value.

If the option described above is not exercised by either the departing general partner or the successor general partner, the departing general partner will become a limited partner and its general partner interest and the incentive distribution rights of its affiliates will automatically convert into common units equal to the fair market value of those interests as determined by an investment banking firm or other independent expert selected in the manner described in the preceding paragraph.

In addition, we will be required to reimburse the departing general partner for all amounts due the departing general partner, including, without limitation, all employee-related liabilities, including severance liabilities, incurred as a result of the termination of any employees employed for our benefit by the departing general partner or its affiliates.

Change of Management Provisions

Our partnership agreement contains specific provisions that are intended to discourage a person or group from attempting to remove Westlake Chemical Partners GP LLC as our general partner or from otherwise changing our management. Please read “—Withdrawal or Removal of Our General Partner” for a discussion of certain consequences of the removal of our general partner. If any person or group, other than our general partner and its affiliates, acquires beneficial ownership of 20% or more of any class of units, that person or group loses voting rights on all of its units. This loss of voting rights does not apply in certain circumstances. Please read “—Voting Rights.”

Limited Call Right

If at any time our general partner and its affiliates own more than 80% of the then-issued and outstanding limited partner interests of any class, our general partner will have the right, which it may assign in whole or in part to any of its affiliates or to us, to acquire all, but not less than all, of the limited partner interests of the class held by unaffiliated persons, as of a record date to be selected by our general partner, on at least 10, but not more than 60, days’ notice. The purchase price in the event of this purchase is the greater of:

- the highest price paid by our general partner or any of its affiliates for any limited partner interests of the class purchased within the 90 days preceding the date on which our general partner first mails notice of its election to purchase those limited partner interests; and
- the average of the daily closing prices of the partnership securities of such class over the 20 trading days preceding the date that is three days before the date the notice is mailed.

As a result of our general partner’s right to purchase outstanding limited partner interests, a holder of limited partner interests may have his limited partner interests purchased at an undesirable time or at a price that may be lower than market prices at various times prior to such purchase or lower than a common unitholder may anticipate the market price to be in the future. The tax consequences to a common unitholder of the exercise of this call right are the same as a sale by that common unitholder of his common units in the market.

Non-Taxpaying Holders; Redemption

To avoid any adverse effect on the maximum applicable rates chargeable to customers by us or any of our future subsidiaries, or in order to reverse an adverse determination that has occurred regarding such maximum rate, our partnership agreement provides our general partner the power to amend our partnership agreement. If our general partner, with the advice of counsel, determines that our not being treated as an association taxable as a corporation or otherwise taxable as an entity for federal income tax purposes, coupled with the tax status (or lack of proof thereof) of one or more of our limited partners (or their owners, to the extent relevant), has, or is reasonably likely to have, a material adverse effect on the maximum applicable rates chargeable to customers by our subsidiaries, then our general partner may adopt such amendments to our partnership agreement as it determines necessary or advisable to:

- obtain proof of the federal income tax status of our limited partners (and their owners, to the extent relevant); and
-

- permit us to redeem the units held by any person whose tax status has or is reasonably likely to have a material adverse effect on the maximum applicable rates or who fails to comply with the procedures instituted by our general partner to obtain proof of such person's federal income tax status. The redemption price in the case of such a redemption will be the average of the daily closing prices per unit for the 20 consecutive trading days immediately prior to the date set for redemption.

Non-Citizen Assignees; Redemption

If our general partner, with the advice of counsel, determines we are subject to federal, state or local laws or regulations that, in the reasonable determination of our general partner, create a substantial risk of cancellation or forfeiture of any property that we have an interest in because of the nationality, citizenship or other related status of any limited partner (or its owners, to the extent relevant), then our general partner may adopt such amendments to our partnership agreement as it determines necessary or advisable to:

- obtain proof of the nationality, citizenship or other related status of our limited partners (or their owners, to the extent relevant); and
- permit us to redeem the units held by any person whose nationality, citizenship or other related status creates substantial risk of cancellation or forfeiture of any property or who fails to comply with the procedures instituted by the general partner to obtain proof of the nationality, citizenship or other related status. The redemption price in the case of such a redemption will be the average of the daily closing prices per unit for the 20 consecutive trading days immediately prior to the date set for redemption.

Status as Limited Partner

By transfer of common units in accordance with our partnership agreement, each transferee of common units shall be admitted as a limited partner with respect to the common units transferred when such transfer and admission are reflected in our books and records. Except as described under "—Limited Liability," the common units will be fully paid, and common unitholders will not be required to make additional contributions.

Right to Inspect Our Books and Records

Our partnership agreement provides that a limited partner can, for a purpose reasonably related to his interest as a limited partner, upon reasonable written demand stating the purpose of such demand and at his own expense, have furnished to him:

- a current list of the name and last known address of each record holder; and
- copies of our partnership agreement, our certificate of limited partnership, related amendments and powers of attorney under which they have been executed;

Under our partnership agreement, however, each of our limited partners and other persons who acquire interests in our partnership interests, do not have rights to receive information from us or any of the persons we indemnify as described above under "—Indemnification" for the purpose of determining whether to pursue litigation or assist in pending litigation against us or those indemnified persons relating to our affairs, except pursuant to the applicable rules of discovery relating to the litigation commenced by the person seeking information.

Our general partner keeps confidential from the limited partners trade secrets or other information the disclosure of which our general partner determines is not in our best interests or that we are required by law or by agreements with third parties to keep confidential. Our partnership agreement limits the rights to information that a limited partner would otherwise have under Delaware law.

AMENDED AND RESTATED SENIOR UNSECURED REVOLVING CREDIT AGREEMENT

dated as of June 1, 2017

among

Westlake Chemical OpCo LP

as Borrower,

Westlake Polymers LLC

as Administrative Agent

and

The Lenders Party Hereto

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AMENDED AND RESTATED SENIOR UNSECURED REVOLVING CREDIT AGREEMENT

THIS AMENDED AND RESTATED SENIOR UNSECURED REVOLVING CREDIT AGREEMENT (this “Agreement”) is made and entered into as of June 1, 2017 by and among the lenders party hereto (collectively, the “Lenders”), Westlake Chemical OpCo LP, a Delaware limited partnership (the “Borrower”) and Westlake Polymers LLC as administrative agent for the Lenders (in such capacity, together with its successors in such capacity, the “Administrative Agent”).

WITNESSETH:

WHEREAS the Borrower and Westlake Development Corporation (the “Existing Lender”) are parties to that certain Credit Agreement dated as of August 4, 2014 (the “Existing Credit Agreement”) and the “Loan Documents” referred to therein (the “Existing Loan Documents”), pursuant to which the Existing Lender provided certain loans to the Borrower;

WHEREAS, the Borrower and the Existing Lender have requested that the Existing Credit Agreement be amended and restated on the terms set forth herein; and

WHEREAS, subject to the terms and conditions of this Agreement, the Lenders are willing to make the requested loans to the Borrower.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties agree as follows:

**ARTICLE I
DEFINITIONS; CONSTRUCTION**

Section 1.1 Definitions. The following terms used herein shall have the meanings herein specified (to be equally applicable to both the singular and plural forms of the terms defined):

“Administrative Agent” means Westlake Polymers LLC, in its capacity as administrative agent for the Lenders hereunder.

“Affiliate” means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by or is under common Control with, the Person in question.

“Agreement” shall have the meaning assigned to such term in the opening paragraph of this Agreement.

“Applicable Margin” shall mean 3.00% per annum.

“Availability Period” shall mean the period from and including the date hereof to but excluding the earlier of the Maturity Date and the date of termination of the Loan Commitment.

“Borrower” shall have the meaning assigned to such term in the opening paragraph of this Agreement.

“Business Day” shall mean any day other than Saturday, Sunday or a day on which banks located in New York, New York or Houston, Texas are authorized or obligated to close.

“Code” shall mean the United States Internal Revenue Code of 1986, as amended from time to time.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“Default” means any of the events specified in Article VI, whether or not any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

“Default Interest” shall have the meaning set forth in Section 2.6(c).

“Default Interest Rate” shall mean the Loan Interest Rate plus an additional 2% per annum.

“Dollars” and “\$” shall mean the lawful currency of the United States of America.

“Event of Default” shall mean any of the events specified in Article VI, provided that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

“Excluded Taxes” shall mean, with respect to each Lender, taxes imposed on or measured by its overall net income, franchise taxes, and any branch profits or similar tax imposed on it by any jurisdiction.

“Existing Credit Agreement” has the meaning assigned to such term in the recitals of this Agreement.

“Existing Lender” has the meaning assigned to such term in the recitals of this Agreement.

“Existing Loan Documents” has the meaning assigned to such term in the recitals of this Agreement.

“GAAP” shall mean United States generally accepted accounting principles applied on a consistent basis.

“Governmental Authority” shall mean any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative authority or functions of or pertaining to government.

“Indemnitee” shall mean the Administrative Agent, each Lender and each of the directors, officers, employees, agents, trustees, representatives, attorneys, consultants and advisors of or to the Administrative Agent and each Lender.

“Interest Period” shall mean each period commencing on a Quarterly Payment Date and ending on the date preceding the next Quarterly Payment Date; provided that the first Interest Period shall begin on the date hereof.

“Lenders” shall have the meaning assigned to such term in the opening paragraph of this Agreement.

“LIBOR” shall mean, with respect to any Loan, the three (3) month LIBOR rate as reported by Bloomberg.com, The Wall Street Journal or such other reputable source as the Lenders may select, in each case as of the date that is two (2) Business Days before the first day of each Interest Period.

“Loan” shall have the meaning set forth in Section 2.1.

“Loan Commitment” shall mean the obligation of each Lender to make Loans hereunder in an aggregate principal amount at any time outstanding not exceeding \$600,000,000, as such amount may be reduced pursuant to Section 2.3. Each Lender’s individual Loan Commitment shall not exceed the amounts set forth on Schedule 1 hereto.

“Loan Documents” shall mean, collectively, this Agreement and each Notice of Borrowing.

“Loan Interest Rate” shall mean, with respect to any Loan, LIBOR in effect from time to time (as the same may vary from Interest Period to Interest Period) plus the Applicable Margin.

“Material Adverse Effect” shall mean a material adverse effect on any of the following: (a) the business, condition (financial or otherwise), operations, performance or properties of the Borrower; (b) the ability of the Borrower to perform its obligations hereunder; or (c) the ability of the Lenders or the Administrative Agent to enforce their rights and remedies hereunder.

“Maturity Date” shall mean August 4, 2019.

“Notice of Borrowing” shall have the meaning set forth in Section 2.2.

“Obligations” shall mean, with respect to the Borrower, the unpaid principal of and interest on (including, without limitation, interest accruing after the maturity of the Loans and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans and all other obligations and liabilities of the Borrower to the Lenders, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, any Loan Document.

“Outstanding Amount” shall mean with respect to Loans on any date, the aggregate principal amount of Loans outstanding on such date after giving effect to any borrowings and prepayments or repayments of Loans occurring on such date. References to the Loans held by a particular Lender shall mean the Outstanding Amount of such Lender’s Loans.

“Payment Office” shall mean the office of the Administrative Agent located at 2801 Post Oak Boulevard, Suite 600, Houston, Texas 77056, or such other location as to which the Administrative Agent shall have given written notice to the Borrower.

“Person” shall mean an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“Quarterly Payment Date” means the first Business Day of each January, April, July and October.

“Register” has the meaning assigned to such term in Section 7.4.

“Required Lenders” means, as of any date of determination, (i) if no Loans are outstanding, Lenders holding more than 50% of the sum of aggregate Loan Commitments or (ii) if any Loans are outstanding, Lenders holding more than 50% of the sum of the aggregate Loans.

“Taxes” shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto, provided that “Taxes” shall not include Excluded Taxes.

“Tranche A Loan” shall have the meaning set forth in Section 2.1.

“Tranche B Loan” shall have the meaning set forth in Section 2.1.

Section 1.2 Other Definitional Provisions

- (a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the other Loan Documents or any certificate or other document made or delivered pursuant hereto or thereto.
- (b) The words “*hereof*”, “*herein*” and “*hereunder*” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.
- (c) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.
- (d) The term “Lender” or “Lenders” shall include, without limitation, each respective Lender’s successors.

Section 1.3 Accounting Terms and Principles. Except as set forth below, all accounting terms not specifically defined herein shall be construed in conformity with GAAP and all accounting determinations required to be made pursuant hereto shall, unless expressly otherwise provided herein, be made in conformity with GAAP.

ARTICLE II
AMOUNT AND TERMS OF THE LOANS

Section 2.1 Loan Commitment.

(a) Subject to the terms and conditions set forth herein, the Lenders agree to make Tranche A revolving loans (“Tranche A Loans”) and Tranche B revolving loans (“Tranche B Loans”) and, together with the Tranche A Loans, each a “Loan” and, collectively, the “Loans”) to the Borrower during the Availability Period in an aggregate principal amount at any time outstanding not to exceed the Loan Commitment. Unless otherwise specified by the Borrower, each Loan shall be funded ratably by the Lenders and in no event shall any Lender be required to make Loans in excess of its individual Loan Commitment. The Tranche A Loans and the Tranche B Loans shall be used for the respective purposes set forth in Section 4.5.

(b) During the Availability Period, the Borrower shall be entitled to borrow, prepay or repay, and reborrow the Loans in accordance with the provisions hereof.

Section 2.2 Borrowing Procedure. The Borrower shall give the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of each borrowing to be made by the Borrower substantially in the form of Exhibit A (a “Notice of Borrowing”), each such Notice of Borrowing to be delivered on or prior to the requested date of each borrowing.

Section 2.3 Optional Reduction and Termination of Loan Commitment. Upon three (3) Business Days’ written notice to the Administrative Agent signed by the Borrower, the Borrower may terminate the Loan Commitment of any Lender, or permanently reduce the Loan Commitment of any Lender, provided that each partial reduction of the Loan Commitment shall be in integral multiples of \$1,000,000 or more (or such lesser amount as agreed by the applicable Lender). Unless otherwise specified by the Borrower, such reductions shall be made on a pro rata basis among each Lender based on such Lender’s percentage of the Loan Commitment.

Section 2.4 Repayment of Loans. On the Maturity Date, the Borrower shall repay in full all Obligations.

Section 2.5 Prepayment. At any time, the Borrower may voluntarily prepay the Loans in whole or in part, which prepayment shall be (together with accrued and unpaid interest thereon) without premium or penalty. Unless otherwise specified by the Borrower, such prepayments shall be made on a pro rata basis among each Lender based on such Lender’s percentage of the Loans.

Section 2.6 Interest on Loans.

(a) The Loans shall accrue interest at the Loan Interest Rate.

(b) The Borrower shall pay interest due and payable on the Loans in arrears on each Quarterly Payment Date for the Interest Period most recently ended; provided that the Borrower may pay all or a portion of such interest by adding such amount to the principal amount of the applicable Loan (a “PIK Payment”), with the remaining interest (if any) to be paid fully in cash (a “Cash Payment”). A PIK Payment shall be deemed to be made with respect to the portion (if any) of the interest due and payable with respect to a Loan for which a Cash Payment is not received by the applicable Lender on the applicable Quarterly Payment Date. For all purposes hereof, references to “principal amount” of the Loans includes any increase in the principal amount as a result of a PIK Payment.

(c) While an Event of Default exists or after acceleration of the Loans in accordance with Article VI, at the option of the Required Lenders, interest on the unpaid principal amount of the Loans (and any unpaid interest with respect thereto) will accrue at the Default Interest Rate (the “Default Interest”). All Default Interest will be payable by the Borrower upon demand by the Administrative Agent.

(d) In the event of an assignment pursuant to Section 7.4, each assigning Lender shall receive interest on account of the period up to but not including the date of such assignment. Each Lender which is an assignee shall receive interest on account of the period beginning on the day of such assignment.

Section 2.7 Computation of Interest. All computations of interest shall be made by the Administrative Agent on the basis of a year of 360 days. Each determination by the Administrative Agent of an interest amount hereunder shall, except for manifest error, be final, conclusive and binding for all purposes.

Section 2.8 Evidence of Debt. The Loans made by the Lenders shall be evidenced by one or more accounts or records maintained by the Administrative Agent. The accounts or records maintained by the Administrative Agent shall be conclusive absent manifest error of the amount of the Loans made by each Lender to the Borrower and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Loans.

Section 2.9 Payments Generally. (a) All payments by the Borrower hereunder shall be made to the Administrative Agent at the Payment Office in immediately available funds without setoff or counterclaim which payments shall then be distributed to the Lenders on a ratable basis based on such Lender’s percentage of the Loans, unless otherwise provided herein. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of the payment accruing interest, interest thereon shall be made payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If on the Maturity Date insufficient funds are received by and available to any Lender to pay fully all amounts of principal and interest due hereunder, such funds shall be applied

(i) first, towards payment of interest, and (ii) second, towards payment of principal due to such Lender.

Section 2.10 Taxes. (a) Any and all payments by the Borrower under each Loan Document shall be made free and clear of and without deduction for any and all present or future Taxes. If any Taxes shall be required by law to be deducted from or in respect of any sum payable under any Loan Document to the Lenders, then the Borrower shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings of Taxes applicable to additional sums payable under this Section) each Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) The Borrower and the Lenders agree that the Loans shall be (and they expect the Loans to be) treated as debt for tax purposes, and neither the Borrower nor any of the Lenders shall take a position contrary to this position on any tax return or through any other action, unless required by a final judgment of a court of competent jurisdiction (as reasonably determined by the Borrower and the Administrative Agent in good faith).

Section 2.11 Illegality. Notwithstanding any other provision of this Agreement, if any Lender determines that it is unlawful for such Lender to make Loans or to continue to fund or maintain Loans, then, on notice thereof and demand therefor by such Lender to the Borrower, (i) the obligation of such Lender to make or to continue Loans shall be suspended, and (ii) if Loans are then outstanding, the Borrower shall prepay such Loans within three (3) Business Days.

ARTICLE III CONDITIONS PRECEDENT TO LOANS

Section 3.1 Conditions to Effectiveness. This Agreement shall become effective upon the execution and delivery of this Agreement by the Borrower, the Lenders and the Administrative Agent.

Section 3.2 Conditions to Making of each Loan. The obligations hereunder of the Lenders to make each Loan are subject to the satisfaction (or waiver in accordance with Section 7.2) of the following conditions as of the date each Loan is made:

- (a) The Administrative Agent shall have received a signed Notice of Borrowing from the Borrower requesting the making of a Loan on the date specified therein (which shall be no later than the last day of the Availability Period).
- (b) At the time of and immediately after giving effect to the making of the requested Loan, (i) the aggregate Outstanding Amount shall not be in excess of the Loan Commitment and (ii) the Outstanding Amount of any Lender participating in the making of such Loan shall not be in excess of such Lender's Loan Commitment.

(c) At the time of and immediately after giving effect to the making of the requested Loan, no Default or Event of Default shall exist.

(d) At the time of and immediately after giving effect to the making of the requested Loan, all representations and warranties of the Borrower set forth in the Loan Documents shall be true and correct in all material respects on and as of such date.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

To induce the Lenders to enter into this Agreement and to make each Loan, the Borrower hereby represents and warrants to the Lenders for itself that:

Section 4.1 Corporate Existence. The Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.

Section 4.2 Power; Authorization; Enforceable Obligations.

(a) The Borrower has the power and authority, and the legal right, to make, deliver and perform the Loan Documents to which it is a party and to borrow hereunder. The Borrower has taken all necessary action to authorize the execution, delivery and performance of the Loan Documents to which it is a party and to authorize the borrowings on the terms and conditions of this Agreement.

(b) No consent or authorization of, filing with, notice to or other act by or in respect of any Governmental Authority or any other Person is required to be obtained by the Borrower in connection with (i) the borrowings hereunder, (ii) the execution, delivery, validity or enforceability of this Agreement or any of the other Loan Documents, or (iii) the performance of this Agreement or any of the other Loan Documents, except, in each case, for routine consents, authorizations, filings and notices required to be made in the ordinary course of business.

(c) This Agreement has been, and, upon execution, each Loan Document shall have been, duly executed and delivered on behalf of the Borrower.

(d) This Agreement constitutes, and each other Loan Document upon execution will constitute, a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

Section 4.3 No Legal Bar. The execution, delivery and performance of this Agreement and the other Loan Documents by the Borrower, the borrowings hereunder and the use of

the proceeds thereof will not violate any applicable law, the Borrower's organizational documents or any material agreement of the Borrower.

Section 4.4 No Default. No Default or Event of Default has occurred and is continuing.

Section 4.5 Use of Proceeds. The proceeds of each Tranche A Loan shall be used solely to fund working capital and for general corporate purposes. The proceeds of each Tranche B Loan shall be used solely to fund growth capital expenditures.

ARTICLE V COVENANTS

Section 5.1 Delivery of Financial Information. The Borrower shall deliver to the Administrative Agent such financial or other information in respect of its business and financial status as the Administrative Agent or any Lender may reasonably require including, but not limited to, copies of its unaudited quarterly and annual financial statements.

Section 5.2 Notice of Default. The Borrower shall give notice to the Administrative Agent of the occurrence of any Default or Event of Default as soon as reasonably practicable after obtaining knowledge of the occurrence thereof.

Section 5.3 Conduct of Business and Maintenance of Existence, etc. The Borrower will (a) (i) preserve, renew and keep in full force and effect its corporate or other existence and (ii) take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business, in each case to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (b) comply with all agreements and requirements of applicable law, except to the extent (1) the same are being contested in good faith by appropriate proceedings diligently conducted or (2) that failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

ARTICLE VI EVENTS OF DEFAULT

Section 6.1 Events of Default. If any of the following events shall occur and be continuing:

- (a) The Borrower shall fail to pay the principal of the Loans on the date when due (including the Maturity Date) in accordance with the terms hereof; or the Borrower shall fail to pay any interest on the Loans, or any other amount payable hereunder, within three (3) Business Days after any such interest or other amount becomes due in accordance with the terms hereof; or
- (b) Any representation or warranty made or deemed made by the Borrower herein or in any other Loan Document shall prove to have been inaccurate in any material respect on or as of the date made or deemed made or furnished; or

(c) The Borrower shall default in the observance or performance of any agreement contained in this Agreement to be performed by it (other than as provided in clause (a) of this Section 6.1), and such default shall continue unremedied for a period of thirty (30) days after written notice thereof shall have been given to the Borrower by the Administrative Agent; or

(d) (i) The Borrower shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or the Borrower shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Borrower any case, proceeding or other action of a nature referred to in clause (i) above that (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against the Borrower any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) the Borrower shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the Borrower shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

then, and in any such event, (A) if such event is an Event of Default specified in clause (d) above, the Loan Commitment shall terminate immediately and all Obligations shall immediately become due and payable, and (B) if such event is any other Event of Default, the Administrative Agent or the Required Lenders may, by notice to the Borrower, terminate the Loan Commitment, whereupon the Loan Commitment shall terminate immediately, and declare all Obligations to be due and payable forthwith, whereupon the same shall immediately become due and payable.

ARTICLE VII MISCELLANEOUS

Section 7.1 Notices.

(a) **Addresses for Notices.** All notices, demands, requests, consents and other communications provided for in this Agreement shall be given in writing, and addressed to the party to be notified as follows:

To the Borrower: Westlake Chemical OpCo LP
Attention: Lawrence Teel
Principal Operating Officer
2801 Post Oak Blvd, Suite 600
Houston, TX 77056
Fax: 713-343-8472

To the Administrative Agent on behalf of the Lenders: Westlake Polymers LLC
Attention: Mark Steven Bender
Senior Vice President and Chief Financial Officer
2801 Post Oak Blvd, Suite 600
Houston, TX 77056
Fax: 713-343-8472

Any party hereto may change its address, telephone number or facsimile number for notices and other communications hereunder by notice to the other parties hereto. All such notices and other communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the third Business Day after the date deposited into the mail or if delivered, upon delivery.

(b) **Effectiveness of Notices.** All notices, demands, requests, consents and other communications described in Section 7.1(a) shall be effective (i) if delivered by hand, including any overnight courier service, upon personal delivery and (ii) if delivered by mail, when deposited in the mails.

Section 7.2 Waiver; Amendments. No amendment or waiver of any provision of this Agreement or any other Loan Document nor consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be in writing and (x) in the case of any such waiver or consent, signed by the Required Lenders and (y) in the case of any other amendment, by the Required Lenders and the Borrower, and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

- (a) waive any condition set forth in Sections 3.1 and 3.2 without the written consent of each Lender;
- (b) extend or increase the Loan Commitment of any Lender without the written consent of such Lender;
- (c) postpone any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly and adversely affected thereby;
- (d) reduce the principal of, or the rate of interest specified herein on, any Loan, or any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly and adversely affected thereby;

- (e) change any provision of this Section or the definition of “Required Lenders” or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; or
- (f) affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document, unless in writing and signed by the Administrative Agent in addition to the Lenders required above.

Section 7.3 Expenses; Indemnification.

- (a) The Borrower shall be obligated to pay all out-of-pocket costs and expenses (including, without limitation, the reasonable fees, charges and disbursements of outside counsel for the Administrative Agent and the Lenders) incurred by the Administrative Agent and the Lenders in connection with the enforcement or protection of their rights in connection with this Agreement, including their rights under this Section 7.3, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Loans.
- (b) The Borrower shall be obligated to indemnify each Indemnitee against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee) incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, or (ii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower, and regardless of whether any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower against any Indemnitee for breach in bad faith of such Indemnitee’s obligations hereunder or under any other Loan Document, if the Borrower has obtained a final judgment in their favor on such claim as determined by a court of competent jurisdiction.
- (c) The Borrower shall be obligated to pay, and hold the Administrative Agent and the Lenders harmless from and against, any and all Taxes with respect to this Agreement and any other Loan Documents or any payments due thereunder, and save the Administrative Agent and the Lenders harmless from and against any and

all liabilities with respect to or resulting from any delay or omission to pay such Taxes.

(d) To the extent permitted by applicable law, each party shall not assert, and hereby waives, any claim against any Indemnitee or the other party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to actual or direct damages) arising out of, in connection with or as a result of, this Agreement or any agreement or instrument contemplated hereby, the transactions contemplated therein, the Loans or the use of proceeds thereof.

(e) All amounts due under this Section 7.3 shall be payable promptly after written demand therefor.

Section 7.4 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except to an assignee in accordance with the provisions of subsection (b) of this Section. Any other attempted assignment or transfer by any party hereto shall be null and void. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, each Indemnitee) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Loan Commitment and/or the Loans at the time owing to it); provided that in each case any such assignment shall be subject to the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) if such assignment is to a Person that is not a Lender, or an Affiliate of a Lender. For the avoidance of doubt, any Lender shall be permitted to separately assign Loans and Loan Commitments even if such assignment results in the Outstanding Amount of such assigning Lender's Loans exceeding the amount of such assigning Lender's Loan Commitments.

(c) The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower (and such agency being solely for tax purposes), shall maintain at the Administrative Agent's office a copy of each assignment agreement delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Loan Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error,

and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

Section 7.5 Governing Law. This Agreement and the rights and obligations of the parties hereto shall be governed by, and construed and interpreted in accordance with, the law of the State of New York.

Section 7.6 Proceedings. All judicial proceedings brought against any party hereto or arising out of or relating hereto or to any of such party's obligations hereunder, may be brought in any state or Federal court of competent jurisdiction in the State, County and City of New York. Each party hereto, for itself and in connection with its properties, irrevocably: (a) accepts generally and unconditionally the nonexclusive jurisdiction and venue of such courts; (b) waives any defense of *forum non conveniens*; (c) agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, at its address provided in Section 7.1; (d) agrees that service as provided in clause (c) above is sufficient to confer personal jurisdiction over such Party in any such proceeding in any such court, and otherwise constitutes effective and binding service in every respect; and (e) agrees that each party hereto retains the right to serve process in any other manner permitted by law or to bring proceedings against the other party in the courts of any other jurisdiction

Section 7.7 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

Section 7.8 Counterparts; Integration. This Agreement may be executed in any number of counterparts and by electronic means (including "pdf") and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

Section 7.9 Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the Administrative Agent and the Lenders and shall survive the execution and delivery of this Agreement and the making of the Loans. The provisions of Section 7.3 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans or the termination of this Agreement or any provision hereof.

Section 7.10 Severability. Any provision of this Agreement or any other Loan Document held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof or thereof; and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 7.11 No Waiver. The non-exercise by the Administrative Agent or the Lenders of any of their rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

Section 7.12 Amendment and Restatement. It is the intention of the Borrower, the Administrative Agent, and the Lenders, and such parties hereby agree, from and after the date hereof, that • this Agreement amends, restates, supersedes and replaces the Existing Credit Agreement in its entirety and • such amendment and restatement shall operate to renew, amend and modify certain of the rights and obligations of the parties under the Existing Credit Agreement as provided herein, but shall not act as a novation thereof. Unless specifically amended hereby or by any other Loan Document, each of the Existing Loan Documents and the Exhibits shall continue in full force and effect and, from and after the date hereof, and any and all references to the Existing Credit Agreement contained therein shall be deemed to refer to this Agreement.

ARTICLE VIII ADMINISTRATIVE AGENT

Section 8.1 Appointment and Authority. Each of the Lenders hereby irrevocably appoints Westlake Polymers LLC to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent and the Lenders, and the Borrower shall not have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

Section 8.2 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in

any kind of business with the Borrower or its Affiliates as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

Section 8.3 Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

- (a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;
- (b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law; and
- (c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 6.1 and 7.2) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent in writing by the Borrower or a Lender.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article III or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

Section 8.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 8.5 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub agents appointed by the Administrative Agent. The Administrative Agent and any such sub agent may perform any and all of its duties and exercise its rights and powers by or through their respective Affiliates. The exculpatory provisions of this Article shall apply to any such sub agent and to the Affiliates of the Administrative Agent and any such sub agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Section 8.6 Resignation of Administrative Agent. The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders, appoint a successor Administrative Agent; provided that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged

therefrom as provided above in this Section). After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 7.3 shall continue in effect for the benefit of such retiring Administrative Agent, its sub agents and their respective Affiliates in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

Section 8.7 Non-Reliance on Administrative Agent and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Affiliates and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Affiliates and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Section 8.8 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the Lenders or the Administrative Agent named herein shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender hereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

WESTLAKE CHEMICAL OPCO LP

By: Westlake Chemical OpCo GP LLC, its general partner
as Borrower

By: /s/ LAWRENCE E. TEEL

Name: _____
Lawrence E. Teel

Title: Principal Operating Officer

WESTLAKE DEVELOPMENT CORPORATION

as Lender

By: /s/ M. STEVEN BENDER

Name: _____
Mark Steven Bender

Title: Senior Vice President and Chief Financial Officer

WESTLAKE POLYMERS LLC

as Administrative Agent

By: Westlake Chemical Investments, Inc., its Manager

By: /s/ M. STEVEN BENDER

Name: _____
Mark Steven Bender

Title: Senior Vice President and Chief Financial Officer

Signature Page to Amended and Restated Revolving Credit Agreement

EXHIBIT A

FORM OF NOTICE OF BORROWING

[DATE]

Westlake Polymers LLC

[Address]

Dear Sirs:

Reference is made to that certain Amended and Restated Senior Unsecured Revolving Credit Agreement, dated as of June 1, 2017 (the "Credit Agreement"), by and among the lenders party hereto (collectively, the "Lenders"), Westlake Chemical OpCo LP, a Delaware limited partnership (the "Borrower") and Westlake Polymers LLC as administrative agent for the Lenders (in such capacity, together with its successors in such capacity, the "Administrative Agent").

The Borrower hereby requests the following Loan under the Credit Agreement, and in that connection the Borrower specifies the following information with respect to such Loan:

- (a) Tranche: Tranche [A][B] Loan
- (b) Principal amount of Loan: \$[_____]
- (c) Date of Loan: [_____]

The Borrower hereby certifies that, at the time of and immediately after giving effect to the making of the requested Loan:

- (d) The aggregate Outstanding Amount is not in excess of the Loan Commitment.
 - (e) No Default or Event of Default exists.
 - (f) All representations and warranties of the Borrower set forth in the Loan Documents are true and correct in all material respects on and as of such date.
-

IN WITNESS WHEREOF, the undersigned has caused this Notice of Borrowing to be executed on the date first written above.

WESTLAKE CHEMICAL OPCO LP

as Borrower

By: _____

Name:

Title:

SCHEDULE 1

LENDER LOAN COMMITMENTS

<u>Lender</u>	<u>Loan Commitment</u>
Westlake Development Corporation	\$600,000,000

WESTLAKE CHEMICAL PARTNERS LP

Common Units Representing Limited Partner Interests
Having an Aggregate Offering Price of
up to \$50,000,000

FIRST AMENDMENT TO EQUITY DISTRIBUTION AGREEMENT

February 28, 2020

UBS SECURITIES LLC
BARCLAYS CAPITAL INC.
BOFA SECURITIES, INC.
CITIGROUP GLOBAL MARKETS INC.
DEUTSCHE BANK SECURITIES INC.
RBC CAPITAL MARKETS, LLC
WELLS FARGO SECURITIES, LLC

c/o UBS Securities LLC
1285 Avenue of the Americas
New York, New York 10019

Ladies and Gentlemen:

This First Amendment (this “*Amendment*”) to the Equity Distribution Agreement, dated as of October 4, 2018 (the “*Equity Distribution Agreement*”), by and among Westlake Chemical Partners LP, a Delaware limited partnership (the “*Partnership*”), and Westlake Chemical Partners GP LLC, a Delaware limited liability company and the sole general partner of the Partnership (the “*General Partner*” and, together with the Partnership, the “*Partnership Parties*”), UBS Securities LLC, Barclays Capital Inc., BofA Securities, Inc., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., RBC Capital Markets, LLC and Wells Fargo Securities, LLC (each, a “*Manager*” and, collectively, the “*Managers*”), is being made and entered into as of the date first set forth above by the Partnership Parties and the Managers. Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Equity Distribution Agreement.

WHEREAS, each of the Partnership Parties and the Managers, by executing this agreement, hereby consent to the amendment of the Equity Distribution Agreement, on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each of the Partnership Parties and the Managers agree as follows:

SECTION 1.

Amendment to Equity Distribution Agreement.

(a) The third sentence of the first paragraph of Section 2(a) of the Equity Distribution Agreement is hereby amended and restated in its entirety as follows:

“Except where the context otherwise requires, “**Registration Statement**,” as used herein, means the registration statement, as amended at the time of such registration statement’s effectiveness for purposes of Section 11 of the Securities Act, as such section applies to the Managers, including (1) all documents filed as a part thereof or incorporated or deemed to be incorporated by reference therein, (2) any information contained or incorporated by reference in a prospectus filed with the Commission pursuant to Rule 424(b) under the Securities Act, to the extent such information is deemed, pursuant to Rule 430B or Rule 430C under the Securities Act, to be part of the registration statement at the time of such registration statement’s effectiveness for purposes of Section 11 of the Securities Act, as such section applies to the Managers, (3) any registration statement filed to register the offer and sale of Units pursuant to Rule 462(b) under the Securities Act and (4) any new registration statement as may have been filed and taken effective pursuant to Section 4(bb) of this Agreement.”

(b) The eighth sentence of the first paragraph of Section 2(a) of the Equity Distribution Agreement is hereby amended and restated in its entirety as follows:

“Notwithstanding the foregoing, if any revised registration statement, base prospectus, prospectus supplement or prospectus shall be provided to the Managers by the Partnership for use in connection with the offering and sale of the Units that differs from the Registration Statement, Base Prospectus, Prospectus Supplement or Prospectus, as the case may be (whether or not such revised registration statement, base prospectus, prospectus supplement or prospectus is required to be filed by the Partnership pursuant to Rule 424(b) under the Securities Act), the terms “Registration Statement,” “Base Prospectus,” “Prospectus Supplement” and “Prospectus” shall refer to such revised registration statement, base prospectus, prospectus supplement or prospectus, as the case may be, from and after the time it is first provided to the Managers for such use.”

(c) Section 4 of the Equity Distribution Agreement is hereby amended and supplemented by adding the following clause (bb):

“(bb) *Renewal of Registration Statement*. If, prior to the third anniversary (the “**Renewal Deadline**”) of the initial effective date of the Registration Statement, any of the Units remain unsold by the Managers, the Partnership may, in its sole discretion, file, prior to the Renewal Deadline, and cause to become effective a new shelf registration statement relating to, among other things, the Units, and file, following the effectiveness of such new shelf registration statement, a new prospectus supplement relating to the Units, in each case in a form reasonably satisfactory to the Managers. For avoidance of doubt, references herein to the “Registration

Statement” shall include such new shelf registration statement and references herein to the “Prospectus Supplement” shall include such new prospectus supplement.”

(d) The following Section 24 is hereby added immediately after Section 23 of the Equity Distribution Agreement:

“24. *Recognition of the U.S. Special Resolution Regimes.*

(a) In the event that any Manager that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Manager of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Manager that is a Covered Entity or a BHC Act Affiliate of such Manager becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Manager are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

As used in this Section 24, “*BHC Act Affiliate*” has the meaning assigned to the term “affiliate” in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k); “*Covered Entity*” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b), (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b) or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b); “*Default Right*” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable; and “*U.S. Special Resolution Regime*” means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.”

SECTION 2. *Counterparts.* This Amendment may be signed by the parties in one or more counterparts which together shall constitute one and the same agreement among the parties.

SECTION 3. *Effect on Agreement.* Except as specifically modified herein, the Equity Distribution Agreement shall continue to be in full force and effect. The execution and delivery of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any party thereto. From and after the date hereof, all references in the Equity Distribution Agreement to the “Agreement” shall mean the Equity Distribution Agreement as modified by this Amendment.

SECTION 4. *Other Miscellaneous Terms.* The provisions of Sections 10 and 18-21 of the Equity Distribution Agreement shall apply *mutatis mutandis* to this Amendment.

[Signature pages follow]

If the foregoing correctly sets forth the understanding among the Partnership Parties and the Managers, please so indicate in the space provided below for that purpose, whereupon this Amendment and your acceptance shall constitute a binding agreement among the Partnership Parties and the Managers.

Very truly yours,

WESTLAKE CHEMICAL PARTNERS GP LLC

By: /s/ M. Steven Bender

Name: M. Steven Bender

Title: Senior Vice President and Chief Financial
Officer

WESTLAKE CHEMICAL PARTNERS LP

By: Westlake Chemical Partners GP LLC, its general partner

By: /s/ M. Steven Bender

Name: M. Steven Bender

Title: Senior Vice President and Chief Financial
Officer

Signature Page to First Amendment to Equity Distribution Agreement

ACCEPTED as of the date first above written.

UBS SECURITIES LLC

By: /s/ Anthony Faria
Name: Anthony Faria
Title: Director

By: /s/ Jesse O'Neill
Name: Jesse O'Neill
Title: Executive Director

Signature Page to First Amendment to Equity Distribution Agreement

BARCLAYS CAPITAL INC.

By: /s/ Robert Jeffries

Name: Robert Jeffries

Title: Vice Chairman & Global Head of Chemicals

Signature Page to First Amendment to Equity Distribution Agreement

BOFA SECURITIES, INC.

By: /s/ John Griffith

Name: John Griffith

Title: Managing Director

Signature Page to First Amendment to Equity Distribution Agreement

CITIGROUP GLOBAL MARKETS INC.

By: /s/ Nick Regas

Name: Nick Regas

Title: Managing Director

Signature Page to First Amendment to Equity Distribution Agreement

DEUTSCHE BANK SECURITIES INC.

By: /s/ Samir Abu-Khadra
Name: Samir Abu-Khadra
Title: Director

By: /s/ Ben Darsney
Name: Ben Darsney
Title: Director

Signature Page to First Amendment to Equity Distribution Agreement

RBC CAPITAL MARKETS, LLC

By: /s/ Michael Davis

Name: Michael Davis

Title: Managing Director

Signature Page to First Amendment to Equity Distribution Agreement

WELLS FARGO SECURITIES, LLC

By: /s/ Micahel Tiedemann

Name: Michael Tiedemann

Title: Managing Director

Signature Page to First Amendment to Equity Distribution Agreement

SUBSIDIARIES OF WESTLAKE CHEMICAL PARTNERS LP

Name of Subsidiary	Jurisdiction
Westlake Chemical OpCo GP LLC	Delaware
Westlake Chemical OpCo LP	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-216617 and 333-230611) and Form S-8 (No. 333-198233) of Westlake Chemical Partners LP of our report dated February 28, 2020 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Houston, Texas
February 28, 2020

CERTIFICATIONS

I, Albert Chao, certify that:

1. I have reviewed this Annual Report on Form 10-K of Westlake Chemical Partners LP (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2020

/s/ ALBERT CHAO

Albert Chao
President, Chief Executive Officer and Director of
Westlake Chemical Partners GP LLC
(Principal Executive Officer)

CERTIFICATIONS

I, M. Steven Bender, certify that:

1. I have reviewed this Annual Report on Form 10-K of Westlake Chemical Partners LP (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2020

/s/ M. STEVEN BENDER

M. Steven Bender
Senior Vice President, Chief Financial Officer and
Director of Westlake Chemical Partners GP LLC
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Westlake Chemical Partners LP (the "Partnership"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Albert Chao, President, Chief Executive Officer and Director of the general partner of the Partnership, and M. Steven Bender, Senior Vice President, Chief Financial Officer, and Director of the general partner of the Partnership, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: February 28, 2020

/s/ ALBERT CHAO

Albert Chao
President, Chief Executive Officer and Director of
Westlake Chemical Partners GP LLC
(Principal Executive Officer)

Date: February 28, 2020

/s/ M. STEVEN BENDER

M. Steven Bender
Senior Vice President, Chief Financial Officer and
Director of Westlake Chemical Partners GP LLC
(Principal Financial Officer)