
Section 1: 10-Q (10-Q)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2017

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____

Commission File No. 001-36567

Westlake Chemical Partners LP

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

32-0436529
(I.R.S. Employer
Identification Number)

2801 Post Oak Boulevard, Suite 600
Houston, Texas 77056
(Address of principal executive offices, including zip code)

(713) 585-2900
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The registrant had 32,234,730 common units outstanding as of October 31, 2017.

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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements**

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2017	December 31, 2016
(in thousands of dollars, except unit amounts)		
ASSETS		
Current assets		
Cash and cash equivalents	\$ 17,249	\$ 88,900
Receivable under the Investment Management Agreement—Westlake Chemical Corporation ("Westlake")	119,009	—
Accounts receivable, net—Westlake	60,405	126,977
Accounts receivable, net—third parties	16,651	12,085
Inventories	3,881	3,934
Prepaid expenses and other current assets	413	269
Total current assets	217,608	232,165
Property, plant and equipment, net	1,206,246	1,222,238
Other assets, net		
Goodwill	5,814	5,814
Deferred charges and other assets, net	88,030	95,011
Total other assets, net	93,844	100,825
Total assets	\$ 1,517,698	\$ 1,555,228
LIABILITIES		
Current liabilities		
Accounts payable—Westlake	\$ 14,123	\$ 12,130
Accounts payable—third parties	10,073	9,930
Accrued liabilities	20,724	15,717
Total current liabilities	44,920	37,777
Long-term debt payable to Westlake	477,121	594,629
Deferred income taxes	2,099	1,736
Other liabilities	79	123
Total liabilities	524,219	634,265
Commitments and contingencies (Note 15)		
EQUITY		
Common unitholders—public (18,112,500 and 12,937,500 units issued and outstanding at September 30, 2017 and December 31, 2016, respectively)	409,684	297,367
Common unitholder—Westlake (14,122,230 and 1,436,115 units issued and outstanding at September 30, 2017 and December 31, 2016, respectively)	49,025	4,813
Subordinated unitholder—Westlake (0 and 12,686,115 units issued and outstanding at September 30, 2017 and December 31, 2016, respectively)	—	42,534
General partner—Westlake	(242,074)	(242,430)
Accumulated other comprehensive income	226	200
Total Westlake Chemical Partners LP partners' capital	216,861	102,484
Noncontrolling interest in Westlake Chemical OpCo LP ("OpCo")	776,618	818,479
Total equity	993,479	920,963
Total liabilities and equity	\$ 1,517,698	\$ 1,555,228

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

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
(in thousands of dollars, except unit amounts and per unit data)				
Revenue				
Net sales—Westlake	\$ 258,049	\$ 193,964	\$ 711,968	\$ 606,859
Net co-product, ethylene and other sales—third parties	38,726	35,390	152,368	85,940
Total net sales	296,775	229,354	864,336	692,799
Cost of sales	201,372	142,553	571,401	407,203
Gross profit	95,403	86,801	292,935	285,596
Selling, general and administrative expenses	6,805	5,788	21,519	17,733
Income from operations	88,598	81,013	271,416	267,863
Other income (expense)				
Interest expense—Westlake	(6,190)	(4,947)	(17,592)	(7,381)
Other income, net	162	(13)	1,844	230
Income before income taxes	82,570	76,053	255,668	260,712
Provision for income taxes	325	194	925	890
Net income	82,245	75,859	254,743	259,822
Less: Net income attributable to noncontrolling interest in OpCo	68,860	67,198	221,619	229,733
Net income attributable to Westlake Chemical Partners LP	\$ 13,385	\$ 8,661	\$ 33,124	\$ 30,089
Net income per limited partner unit attributable to Westlake Chemical Partners LP (basic and diluted)				
Common units	\$ 0.47	\$ 0.32	\$ 1.23	\$ 1.11
Subordinated units	\$ —	\$ 0.32	\$ 1.07	\$ 1.11
Weighted average limited partner units outstanding (basic and diluted)				
Common units—public	13,050,000	12,937,500	12,975,412	12,937,500
Common units—Westlake	14,122,230	1,436,115	5,711,289	1,436,115
Subordinated units—Westlake	—	12,686,115	8,410,941	12,686,115
Distributions per common unit	\$ 0.3650	\$ 0.3259	\$ 1.0649	\$ 0.9507

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

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(in thousands of dollars)			
Net income	\$ 82,245	\$ 75,859	\$ 254,743	\$ 259,822
Other comprehensive income (loss)				
Cash flow hedge				
Interest rate contract				
Change in fair value of cash flow hedge	3	310	10	(784)
Reclassification of (income) loss to net income	(20)	90	16	280
Total other comprehensive income (loss)	(17)	400	26	(504)
Comprehensive income	82,228	76,259	254,769	259,318
Comprehensive income attributable to noncontrolling interest in OpCo	68,860	67,198	221,619	229,733
Comprehensive income attributable to Westlake Chemical Partners LP	\$ 13,368	\$ 9,061	\$ 33,150	\$ 29,585

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

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	Common Unitholders— Public	Common Unitholder— Westlake	Subordinated Unitholder— Westlake	General Partner— Westlake	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests in OpCo	Total
(in thousands of dollars)							
Balances at December 31, 2015	\$ 294,565	\$ 4,502	\$ 39,786	\$(242,572)	\$ 280	\$ 750,606	\$847,167
Net income	14,320	1,589	14,041	139	—	229,733	259,822
Net effect of cash flow hedge	—	—	—	—	(504)	—	(504)
Quarterly distributions to unitholders	(12,300)	(1,365)	(12,061)	(48)	—	—	(25,774)
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	—	—	(188,736)	(188,736)
Balances at September 30, 2016	<u>\$ 296,585</u>	<u>\$ 4,726</u>	<u>\$ 41,766</u>	<u>\$(242,481)</u>	<u>\$ (224)</u>	<u>\$ 791,603</u>	<u>\$891,975</u>
Balances at December 31, 2016	\$ 297,367	\$ 4,813	\$ 42,534	\$(242,430)	\$ 200	\$ 818,479	\$920,963
Net income	15,355	3,389	13,328	1,052	—	221,619	254,743
Net effect of cash flow hedge	—	—	—	—	26	—	26
Proceeds from secondary public offering, net of finance and other offering costs	110,739	—	—	—	—	—	110,739
Subordinated unit conversion	—	42,352	(42,352)	—	—	—	—
Quarterly distributions to unitholders	(13,777)	(1,529)	(13,510)	(696)	—	—	(29,512)
Quarterly distribution to noncontrolling interest retained in OpCo by Westlake	—	—	—	—	—	(263,480)	(263,480)
Balances at September 30, 2017	<u>\$ 409,684</u>	<u>\$ 49,025</u>	<u>\$ —</u>	<u>\$(242,074)</u>	<u>\$ 226</u>	<u>\$ 776,618</u>	<u>\$993,479</u>

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

WESTLAKE CHEMICAL PARTNERS LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
	2017	2016
	(in thousands of dollars)	
Cash flows from operating activities		
Net income	\$ 254,743	\$ 259,822
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	86,502	67,472
Provision for doubtful accounts	(25)	228
Loss from disposition of property, plant and equipment	2,627	2,408
Gain on involuntary conversion of assets	(1,672)	—
Deferred income taxes	363	389
Changes in operating assets and liabilities		
Accounts receivable—third parties	(4,541)	(4,000)
Net accounts receivable—Westlake	68,556	(87,032)
Inventories	53	451
Prepaid expenses and other current assets	(144)	267
Accounts payable	1,026	6,026
Accrued and other liabilities	5,018	7,831
Other, net	(10,590)	(76,492)
Net cash provided by operating activities	<u>401,916</u>	<u>177,370</u>
Cash flows from investing activities		
Additions to property, plant and equipment	(56,607)	(268,647)
Proceeds from disposition of assets	129	157
Proceeds from involuntary conversion of assets	1,672	—
Receivable under the Investment Management Agreement—Westlake	(119,000)	—
Net cash used for investing activities	<u>(173,806)</u>	<u>(268,490)</u>
Cash flows from financing activities		
Net proceeds from common units offering	110,739	—
Proceeds from debt payable to Westlake	155,257	212,175
Repayment of debt payable to Westlake	(272,765)	(1,098)
Quarterly distributions to noncontrolling interest retained in OpCo by Westlake	(263,480)	(188,736)
Quarterly distributions to unitholders	(29,512)	(25,774)
Net cash used for financing activities	<u>(299,761)</u>	<u>(3,433)</u>
Net decrease in cash and cash equivalents	(71,651)	(94,553)
Cash and cash equivalents at beginning of period	88,900	169,559
Cash and cash equivalents at end of period	<u>\$ 17,249</u>	<u>\$ 75,006</u>

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

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

1. Description of Business and Basis of Presentation

Description of Business

Westlake Chemical Partners LP (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. 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 Westlake Partners from the sale of the units was \$110,739, net of underwriting discounts, structuring fees and estimated offering expenses of approximately \$3,111.

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. On April 29, 2015, the Partnership purchased an additional 2.7% newly-issued limited partner interest in OpCo for approximately \$135,341, resulting in an aggregate 13.3% limited partner interest in OpCo effective April 1, 2015. On September 29, 2017, the Partnership purchased an additional 5.0% newly-issued limited partner interest in OpCo for approximately \$229,207, resulting in an aggregate 18.3% limited partner interest in OpCo, effective as of July 1, 2017. The remaining 81.7% limited partner interest in OpCo is owned by Westlake Chemical Corporation.

OpCo owns three ethylene production facilities and a common carrier ethylene pipeline.

Basis of Presentation

The accompanying unaudited consolidated interim financial statements were prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim periods. Accordingly, certain information and footnotes required for complete financial statements under generally accepted accounting principles in the United States ("U.S. GAAP") have not been included. These interim consolidated financial statements should be read in conjunction with the December 31, 2016 combined and consolidated financial statements and notes thereto of the Partnership included in the annual report on Form 10-K for the fiscal year ended December 31, 2016 (the "2016 Form 10-K"), filed with the SEC on March 7, 2017. These financial statements have been prepared in conformity with the accounting principles and practices as disclosed in the notes to the combined and consolidated financial statements of the Partnership for the fiscal year ended December 31, 2016.

References to "Westlake" refer collectively to Westlake Chemical Corporation and its subsidiaries, other than the Partnership, OpCo and OpCo GP.

The Partnership holds a 18.3% limited partner interest and the entire non-economic general partner interest in OpCo. The remaining 81.7% limited partner interest in OpCo is owned 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 81.7% is recorded as noncontrolling interest in the Partnership's consolidated financial statements.

In the opinion of the Partnership's management, the accompanying unaudited consolidated interim financial statements reflect all adjustments (consisting only of normal recurring adjustments) that are necessary for a fair statement of the Partnership's financial position as of September 30, 2017, its results of operations for the three and nine months ended September 30, 2017 and 2016 and the changes in its cash position for the nine months ended September 30, 2017 and 2016.

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

Results of operations and changes in cash position for the interim periods presented are not necessarily indicative of the results that will be realized for the fiscal year ending December 31, 2017 or any other interim period. The preparation of financial statements in conformity with U.S. GAAP 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 materially from those estimates.

Recent Accounting Pronouncements

Revenue from Contracts with Customers (ASU No. 2014-09)

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standards update on a comprehensive new revenue recognition standard that will supersede the existing revenue recognition guidance. The new accounting guidance creates a framework by which an entity will allocate the transaction price to separate performance obligations and recognize revenue when each performance obligation is satisfied. Under the new standard, entities will be required to use judgment and make estimates, including identifying performance obligations in a contract, estimating the amount of variable consideration to include in the transaction price, allocating the transaction price to each separate performance obligation and determining when an entity satisfies its performance obligations. The standard allows for either "full retrospective" adoption, meaning that the standard is applied to all of the periods presented with a cumulative catch-up as of the earliest period presented, or "modified retrospective" adoption, meaning the standard is applied only to the most current period presented in the financial statements with a cumulative catch-up as of the current period. In 2016, the FASB issued various additional authoritative guidance for the new revenue recognition standard. The accounting standard will be effective for reporting periods beginning after December 15, 2017. The Partnership is in the process of performing a detailed analysis of its contracts with customer to evaluate the potential impact that the new accounting standard will have on its consolidated financial position, results of operations and cash flows. The Partnership intends to elect the modified retrospective method of adoption.

Leases (ASU No. 2016-02)

In February 2016, the FASB issued an accounting standards update on a new lease standard that will supersede the existing lease guidance. The standard requires a lessee to recognize assets and liabilities related to long-term leases that are classified as operating leases under current guidance on its balance sheet. An asset would be recognized related to the right to use the underlying asset and a liability would be recognized related to the obligation to make lease payments over the term of the lease. The standard also requires expanded disclosures related to leases. The accounting standard will be effective for reporting periods beginning after December 15, 2018. The Partnership is in the process of evaluating the impact that the new accounting guidance will have on its consolidated financial position, results of operations and cash flows.

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 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 will be 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.

Cash Flows (ASU No. 2016-15)

In August 2016, the FASB issued an accounting standards update providing new guidance on the classification of certain cash receipts and payments including debt extinguishment costs, debt prepayment costs, settlement of zero-coupon debt instruments, contingent consideration payments, proceeds from the settlement of insurance claims and life insurance policies and distributions received from equity method investees in the statement of cash flows. This update is required to be applied using the retrospective transition method to each period presented unless it is impracticable to be applied retrospectively. In such situation, this guidance is to be applied prospectively. The accounting standard will be effective for reporting periods beginning after December 15, 2017 and is not expected to have an impact on the Partnership's consolidated financial position, results of operations and cash flows.

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

Business Combinations (ASU No. 2017-01)

In January 2017, the FASB issued an accounting standards update to assist entities with evaluating when a set of transferred assets and activities is a business. The guidance requires an entity to evaluate if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets; if so, the set of transferred assets and activities is not a business. The guidance also requires a business to include at least one substantive process and narrows the definition of outputs by more closely aligning it with how outputs are described in the FASB ASC Topic 606, Revenue from contracts with customers. The accounting standard will be effective for reporting periods beginning after December 15, 2017 and is not expected to have an impact on the Partnership's consolidated financial position, results of operations and cash flows.

Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets (ASU No. 2017-05)

In February 2017, the FASB issued an accounting standards update to clarify the scope of guidance related to other income—gains and losses from the derecognition of nonfinancial assets, and to add guidance for partial sales of nonfinancial assets. The new guidance clarifies that an in substance nonfinancial asset is an asset or group of assets for which substantially all of the fair value consists of nonfinancial assets and the group or subsidiary is not a business. The guidance also outlines that when an entity transfers its controlling interest in a nonfinancial asset, but retains a noncontrolling interest, it will measure the retained interest at fair value resulting in full gain or loss recognition upon sale of the controlling interest. The accounting standard will be effective for reporting periods beginning after December 15, 2017 and is not expected to have an impact on the Partnership's consolidated financial position, results of operations and cash flows.

Recently Adopted Accounting Standard*Amendments to the Consolidation Analysis (ASU No. 2016-17)*

In October 2016, the FASB issued an accounting standards update making certain changes to the current consolidation guidance. The amendments affect reporting entities that are required to evaluate whether they should consolidate a variable interest entity in certain situations involving entities under common control. Specifically, the amendments change the evaluation of whether a reporting entity is the primary beneficiary of a variable interest entity by changing how a reporting entity that is a single decision maker of a variable interest entity treats indirect interests in the entity held through related parties that are under common control with the reporting entity. The amendments became effective for annual periods beginning after December 15, 2016. The Partnership adopted this accounting standard effective January 1, 2017, and the adoption did not have any impact on the Partnership's consolidated financial position, results of operations and cash flow.

2. Accounts Receivable—Third Parties

Accounts receivable—third parties consist of the following:

	September 30, 2017	December 31, 2016
Trade customers	\$ 17,190	\$ 11,913
Allowance for doubtful accounts	(539)	(564)
	16,651	11,349
Other	—	736
Accounts receivable, net—third parties	\$ 16,651	\$ 12,085

3. Inventories

Inventories consist of the following:

	September 30, 2017	December 31, 2016
Finished products	\$ 3,515	\$ 3,610
Feedstock, additives and chemicals	366	324
Inventories	\$ 3,881	\$ 3,934

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

4. Property, Plant and Equipment

As of September 30, 2017, the Partnership had property, plant and equipment, net totaling \$1,206,246. The Partnership assesses these 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 U.S. 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.

Depreciation expense on property, plant and equipment of \$23,525 and \$19,773 is included in cost of sales in the consolidated statements of operations for the three months ended September 30, 2017 and 2016, respectively. Depreciation expense on property, plant and equipment of \$69,189 and \$53,420 is included in cost of sales in the consolidated statements of operations for the nine months ended September 30, 2017 and 2016, respectively.

5. Other Assets

Amortization expense on other assets of \$5,528 and \$6,517 is included in costs of sales in the consolidated statements of operations for the three months ended September 30, 2017 and 2016, respectively. Amortization expense on other assets of \$17,313 and \$14,052 is included in costs of sales in the consolidated statements of operations for the nine months ended September 30, 2017 and 2016, respectively.

6. Distributions and Net Income Per Limited Partner Unit

On November 1, 2017, 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 July 1, 2017 through September 30, 2017 of \$0.3756 per unit and of \$498 to the holder of the Partnership's incentive distribution rights ("IDR Holder"). This distribution is payable on November 29, 2017 to the unitholders and IDR Holder of record as of November 14, 2017.

The Partnership Agreement provides that the Partnership will distribute cash each quarter in the following manner: first, to all the unitholders, until each unit has received the minimum quarterly distribution of \$0.2750, plus any arrearages from prior quarters; and second, to all the unitholders, pro-rata, until each unit has received a distribution of \$0.3163. If cash distributions to the Partnership's unitholders exceed \$0.3163 per 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 \$0.3163 up to \$0.3438	85.0%	15.0%
Above \$0.3438 up to \$0.4125	75.0%	25.0%
Above \$0.4125	50.0%	50.0%

For the three months ended September 30, 2017, the Partnership's distribution exceeded the \$0.3163 per common and unit target, which resulted in distributions to the IDR Holder.

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

The distributions are declared subsequent to quarter end; therefore, the table below represents total distributions declared from earnings of the related periods pertaining to such distributions.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income attributable to the Partnership	\$ 13,385	\$ 8,661	\$ 33,124	\$ 30,089
Less:				
Limited partners' distribution declared on common units	12,107	4,819	22,454	14,057
Limited partners' distribution declared on subordinated units	—	4,254	9,133	12,407
Distribution declared with respect to the incentive distribution rights	498	91	1,052	139
Net income in excess of distribution (distribution in excess of net income)	\$ 780	\$ (503)	\$ 485	\$ 3,486

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 statement of 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 7, the 12,686,115 subordinated units, all of which were owned by Westlake, were converted into common units during the third quarter of 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 during the three months ended September 30, 2017, and the Partnership did not allocate any earnings to the subordinated unitholders for that period for the determination of net income per unit.

	Three Months Ended September 30, 2017			
	Limited Partners' Common Units	Limited Partners' Subordinated Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:				
Distribution declared	\$ 12,107	\$ —	\$ 498	\$ 12,605
Net income in excess of distribution	780	—	—	780
Net income	\$ 12,887	\$ —	\$ 498	\$ 13,385
Weighted average units outstanding:				
Basic and diluted	27,172,230	—		27,172,230
Net income per limited partner unit:				
Basic and diluted	\$ 0.47	\$ —		

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

	Three Months Ended September 30, 2016			
	Limited Partners' Common Units	Limited Partners' Subordinated Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:				
Distribution declared	\$ 4,819	\$ 4,254	\$ 91	\$ 9,164
Distribution in excess of net income	(267)	(236)	—	(503)
Net income	<u>\$ 4,552</u>	<u>\$ 4,018</u>	<u>\$ 91</u>	<u>\$ 8,661</u>
Weighted average units outstanding:				
Basic and diluted	<u>14,373,615</u>	<u>12,686,115</u>		<u>27,059,730</u>
Net income per limited partner unit:				
Basic and diluted	<u>\$ 0.32</u>	<u>\$ 0.32</u>		
	Nine Months Ended September 30, 2017			
	Limited Partners' Common Units	Limited Partners' Subordinated Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:				
Distribution declared	\$ 22,454	\$ 9,133	\$ 1,052	\$ 32,639
Net income in excess of distribution (distribution in excess of net income)	624	(139)	—	485
Net income	<u>\$ 23,078</u>	<u>\$ 8,994</u>	<u>\$ 1,052</u>	<u>\$ 33,124</u>
Weighted average units outstanding:				
Basic and diluted	<u>18,686,701</u>	<u>8,410,941</u>		<u>27,097,642</u>
Net income per limited partner unit:				
Basic and diluted	<u>\$ 1.23</u>	<u>\$ 1.07</u>		
	Nine Months Ended September 30, 2016			
	Limited Partners' Common Units	Limited Partners' Subordinated Units	Incentive Distribution Rights	Total
Net income attributable to the Partnership:				
Distribution declared	\$ 14,057	\$ 12,407	\$ 139	\$ 26,603
Net income in excess of distribution	1,852	1,634	—	3,486
Net income	<u>\$ 15,909</u>	<u>\$ 14,041</u>	<u>\$ 139</u>	<u>\$ 30,089</u>
Weighted average units outstanding:				
Basic and diluted	<u>14,373,615</u>	<u>12,686,115</u>		<u>27,059,730</u>
Net income per limited partner unit:				
Basic and diluted	<u>\$ 1.11</u>	<u>\$ 1.11</u>		

7. Equity

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.

WESTLAKE CHEMICAL PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued
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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 was \$110,739, net of underwriting discounts, structuring fees and estimated offering expenses of approximately \$3,111.

8. 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 each charges Westlake a fee.

Sales to related parties were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net sales—Westlake	\$ 258,049	\$ 193,964	\$ 711,968	\$ 606,859

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.

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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Feedstock purchased from Westlake and included in cost of sales	\$ 110,241	\$ 63,693	\$ 313,231	\$ 181,174
Other charges from Westlake and included in cost of sales	23,954	22,585	74,896	62,703
Total	\$ 134,195	\$ 86,278	\$ 388,127	\$ 243,877

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.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Services received from Westlake and included in selling, general and administrative expenses	\$ 6,633	\$ 5,129	\$ 20,311	\$ 15,600

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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Goods and services purchased from Westlake and capitalized as assets	\$ 619	\$ 4,153	\$ 3,131	\$ 17,234

Receivable from Related Parties

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.

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

	September 30, 2017	December 31, 2016
Receivable under the Investment Management Agreement	\$ 119,009	\$ —

Accounts Receivables

The Partnership's accounts receivable from Westlake result primarily from ethylene sales to Westlake 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 shortfall recognized in 2016 is recoverable during 2017, per the Ethylene Sales Agreement. During 2016, Calvert City Olefins experienced a shutdown caused by a mechanical failure, which resulted in a force majeure event under the Ethylene Sales Agreement. Based on the annual year-end measurement, a buyer deficiency fee of \$13,106 was recognized as a receivable from Westlake and as a component of net sales in the consolidated financial statements as of and for the year ended December 31, 2016. The buyer deficiency fee was collected from Westlake in January 2017.

WESTLAKE CHEMICAL PARTNERS LP
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The Partnership's accounts receivable from Westlake were as follows:

	September 30, 2017	December 31, 2016
Accounts receivable—Westlake	\$ 60,405	\$ 126,977

Accounts Payable to Related Parties

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 related party accounts payable balances were as follows:

	September 30, 2017	December 31, 2016
Accounts payable—Westlake	\$ 14,123	\$ 12,130

Debt Payable to Related Parties

In connection with the IPO, OpCo assumed promissory notes payable to Westlake ("the August 2013 Promissory Notes") and entered into a senior unsecured revolving credit facility with Westlake. In April 2015, the Partnership entered into an unsecured revolving credit facility with Westlake. See Note 9 for a description of related party debt payable balances. Interest on related party debt payable balances for the three months ended September 30, 2017 and 2016 was \$6,190 and \$4,947, respectively, and for the nine months ended September 30, 2017 and 2016 was \$17,592 and \$7,381, respectively. Interest on related party debt payable is presented as interest expense—Westlake in the consolidated statements of operations. Interest capitalized as a component of plant and equipment on related party debt was \$7 and \$215 for the three months ended September 30, 2017 and 2016, respectively, and \$426 and \$5,651 for the nine months ended September 30, 2017 and 2016, respectively. At September 30, 2017 and December 31, 2016, accrued interest on related party debt was \$5,728 and \$5,517, respectively, and is reflected as a component of accrued liabilities in the consolidated balance sheets.

Debt payable to related parties was as follows:

	September 30, 2017	December 31, 2016
Long-term debt payable to Westlake	\$ 477,121	\$ 594,629

General

OpCo, together with other subsidiaries of Westlake not included in these consolidated financial statements, were guarantors under Westlake's revolving credit facility and the indentures governing its senior notes. During August 2016, OpCo and certain subsidiaries of Westlake were released from their guarantees.

In 2015, the Partnership entered into an interest rate contract with Westlake to fix the London Interbank Offered Rate ("LIBOR") component of the interest rate for a portion of the MLP Revolver balance. See Note 11 for additional information on the interest rate contract.

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

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9. Long-term Debt Payable to Westlake

Long-term debt payable to Westlake consists of the following:

	September 30, 2017	December 31, 2016
August 2013 Promissory Notes (variable interest rate of prime plus 1.5%, original scheduled maturity of August 1, 2023)	\$ —	\$ 31,775
OpCo Revolver (variable interest rate of LIBOR plus 3.0%, original scheduled maturity of August 4, 2019)	223,577	427,513
MLP Revolver (variable interest rate of LIBOR plus 2.0%, original scheduled maturity of April 29, 2021)	253,544	135,341
	<u>\$ 477,121</u>	<u>\$ 594,629</u>

On August 1, 2017, the Partnership entered into an amendment to the MLP Revolver agreement, resulting in the extension of the maturity date from April 29, 2018 to April 29, 2021. On September 29, 2017, the Partnership repaid the remaining balance of the August 2013 Promissory notes in full and also repaid \$197,432 of borrowings under the OpCo Revolver.

The weighted average interest rate on all long-term debt was 3.74% and 3.72% at September 30, 2017 and December 31, 2016, respectively.

As of September 30, 2017, the Partnership was in compliance with all of the covenants under the August 2013 Promissory Notes, the OpCo Revolver and the MLP Revolver.

10. Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income or loss primarily reflects the effective portion of the gain or loss on derivative instrument designated and qualified as a cash flow hedge. Gain or loss amounts related to a cash flow hedge recorded in accumulated other comprehensive income or loss are reclassified to income in the same period in which the underlying hedged forecasted transaction affects income. If it becomes probable that a forecasted transaction will not occur, the related net gain or loss in accumulated other comprehensive income or loss is immediately reclassified into income. Changes in accumulated other comprehensive income (loss) were as follows:

	Nine Months Ended September 30,	
	2017	2016
Balances at December 31,	\$ 200	\$ 280
Interest rate contract—Other comprehensive income (loss) before reclassification	10	(784)
Interest rate contract—Amounts reclassified from accumulated other comprehensive income into net income	16	280
Balances at September 30,	<u>\$ 226</u>	<u>\$ (224)</u>

11. 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.

Interest Rate Risk Management

During August 2015, the Partnership entered into an interest rate contract with Westlake designed to reduce the risks of variability of the interest rate under the MLP Revolver. The interest rate contract fixed the LIBOR component of the interest rate for a portion of the MLP Revolver balance. This contract was designated as a cash flow hedge. With the exception of this

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interest rate contract, the Partnership did not have any other derivative financial instruments during the three and nine months ended September 30, 2017 and 2016.

The fair values of the derivative instrument on the Partnership's consolidated balance sheets were as follows:

		Derivative Assets	
Derivative in Cash Flow Hedging Relationship	Balance Sheet Location	Fair Value as of	
		September 30, 2017	December 31, 2016
Interest rate contract	Deferred charges and other assets, net	\$ 265	\$ 290

The following tables present the effect of the derivative instrument designated as cash flow hedge on the consolidated statements of operations and the consolidated statements of comprehensive income for the three and nine months ended September 30, 2017 and 2016:

Derivative in Cash Flow Hedging Relationship	Location of Loss Recognized in Statement of Operations	Three Months Ended September 30,		Nine Months Ended September 30,	
		2017	2016	2017	2016
		Interest rate contract—Gain (loss) reclassified from accumulated other comprehensive income	Interest expense	\$ 20	\$ (90)

Derivative in Cash Flow Hedging Relationship	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Interest rate contract—Adjustments to fair value recognized in other comprehensive income	\$ (3)	\$ (310)	\$ (10)	\$ (784)

There was no ineffective portion of the derivative instrument during the three and nine months ended September 30, 2017 and 2016.

See Note 12 for the fair value of derivative instruments.

12. 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 following tables summarize, by level within the fair value hierarchy, the Partnership's liability and asset under the interest rate contract that was accounted for at fair value on a recurring basis:

Derivative instruments	September 30, 2017	
	Level 2	Total
Asset—Interest rate contract	\$ 265	\$ 265

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	December 31, 2016	
	Level 2	Total
Derivative instruments		
Asset—Interest rate contract	\$ 290	\$ 290

The fair value of the Level 2 interest rate contract is determined using standard valuation methodologies which incorporate relevant contract terms along with readily available market data (i.e. the 3-month LIBOR forward curve). There were no transfers in or out of Levels 1 and 2 of the fair value hierarchy during the nine months ended September 30, 2017.

The Partnership has other financial assets and liabilities subject to fair value measures. These financial assets and liabilities include 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 September 30, 2017 and December 31, 2016 are summarized in the table below. The Partnership's long-term debt includes the OpCo Revolver and the MLP Revolver at September 30, 2017. 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.

	September 30, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
August 2013 Promissory Notes	\$ —	\$ —	\$ 31,775	\$ 31,775
OpCo Revolver	223,577	231,250	427,513	442,716
MLP Revolver	253,544	255,717	135,341	134,835

13. Supplemental Information

Accrued Liabilities

Accrued liabilities were \$20,724 and \$15,717 at September 30, 2017 and December 31, 2016, respectively. The capital expenditures accrual, accrued interest, accrued taxes, and accrued maintenance, which are components of accrued liabilities, were \$2,279, \$5,728, \$4,413, and \$3,861, respectively, at September 30, 2017, and \$2,647, \$5,517, \$1,497, and \$2,586, respectively, at December 31, 2016. No other component of accrued liabilities was more than five percent of total current liabilities.

Non-cash Investing Activity

The change in capital expenditure accrual increasing additions to property, plant and equipment was \$894 for the nine months ended September 30, 2017. The change in capital expenditure accrual increasing additions to property, plant and equipment was \$15,850 for the nine months ended September 30, 2016.

Insurance Recovery

During the nine months ended September 30, 2017, the Partnership received an insurance recovery of approximately \$1,672 representing involuntary conversion of assets related to the Calvert City Olefins unplanned shut-down during 2016. The insurance recovery is included in other income in the consolidated statement of operations for the nine months ended September 30, 2017.

14. Major Customer and Concentration of Credit Risk

During the three months ended September 30, 2017 and 2016, Westlake accounted for approximately 87.0% and 84.6%, respectively, of the Partnership's net sales. During the nine months ended September 30, 2017 and 2016, Westlake accounted for approximately 82.4% and 87.6%, respectively, of the Partnership's net sales.

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15. 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.

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. Westlake believes the resolution of these matters may require the payment of a monetary sanction in excess of \$100.

Louisiana Notice of Violations. The Louisiana Department of Environmental Quality ("LDEQ") has issued notices of violations ("NOVs") regarding the Partnership's assets, and those of Westlake, for various air and water compliance issues. The Partnership and Westlake negotiated two settlement agreements with the LDEQ fully resolving the NOVs as well as additional violations alleged by the LDEQ though not made the subject of any specific NOV for a combined \$192 in civil penalties.

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.

16. Subsequent Events

Distribution

On November 1, 2017, the board of directors of Westlake GP declared a quarterly distribution for the period from July 1, 2017 through September 30, 2017 of \$0.3756 per unit and \$498 to the IDR Holder. This distribution is payable on November 29, 2017 to the unitholders and IDR Holder of record as of November 14, 2017.

General

Subsequent events were evaluated through the date on which the financial statements were issued.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations section should be read in conjunction with the accompanying consolidated financial statements and the notes thereto and the combined and consolidated financial statements and notes thereto included in Westlake Chemical Partners LP's annual report on Form 10-K for the fiscal year ended December 31, 2016 (the "2016 Form 10-K"), as filed with the SEC on March 7, 2017. Unless otherwise indicated, references in this report to "we," "our," "us" or like terms, refer to Westlake Chemical Partners LP (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. The following discussion contains forward-looking statements. Please read "Forward-Looking Statements" for a discussion of limitations inherent in such statements.

Partnership Overview

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 completed our initial public offering (the "IPO") of 12,937,500 common units. On September 29, 2017, we completed a secondary public offering of 5,175,000 common units. In connection with the IPO, the Partnership 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, the Partnership purchased an additional 2.7% newly-issued limited partner interest in OpCo for approximately \$135,341, resulting in an aggregate 13.3% limited partner interest in OpCo effective April 1, 2015. On September 29, 2017, the Partnership purchased an additional 5.0% newly-issued limited partner interest in OpCo for approximately \$229.2 million, resulting in an aggregate 18.3% limited partner interest in OpCo, effective as of July 1, 2017. Currently, our sole revenue generating asset is our 18.3% 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 81.7% limited partner interest in OpCo as well as significant interest in us through its ownership of our general partner, 43.8% 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.

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.

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

We use each 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 and maintenance capital expenditures. 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;
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.

We believe that the presentation of MLP distributable cash flow and EBITDA provides useful information to investors in assessing our financial condition and results of operations. The GAAP measures most directly comparable to MLP distributable cash flow are net income and net cash provided by operating activities. MLP distributable cash flow should not be considered as an alternative to GAAP net income or 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. The GAAP measures most directly comparable to EBITDA are net income and net cash provided by operating activities, but EBITDA should not be considered an alternative to such GAAP measures. EBITDA has important limitations as an analytical tool because it excludes (1) interest expense, which is a necessary element of our costs and ability to generate revenues because we have borrowed money to finance our operations, (2) depreciation, which is a necessary element of our costs and ability to generate revenues because we use capital assets and (3) income taxes, which was a necessary element of the operations of our predecessor. MLP distributable cash flow and EBITDA should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. See reconciliations for each of MLP distributable cash flow and EBITDA under "Results of Operations" below.

Recent Developments

On September 29, 2017, we completed a secondary offering of 5,175,000 common units at a price of \$22.00 per unit and purchased an additional 5.0% newly-issued limited partner interest in OpCo for approximately \$229.2 million, resulting in an aggregate 18.3% limited partner interest in OpCo, effective as of July 1, 2017. Net proceeds to the Partnership from the sale of the units was \$110.7 million, net of underwriting discounts, structuring fees and estimated offering expenses of approximately \$3.1 million. We used the proceeds from the offering and borrowings under the MLP Revolver to fund the purchase of the additional 5% newly-issued limited partner interest in OpCo.

On August 30, 2017, following the 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 August 1, 2017, the Partnership entered into an Investment Management Agreement with OpCo and Westlake 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.

On August 1, 2017, the Partnership entered into an amendment to the MLP Revolver credit agreement, resulting in the extension of the maturity date from April 29, 2018 to April 29, 2021.

Results of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
(dollars in thousands)				
Revenue				
Net sales—Westlake	\$ 258,049	\$ 193,964	\$ 711,968	\$ 606,859
Net co-product, ethylene and other sales—third parties	38,726	35,390	152,368	85,940
Total net sales	296,775	229,354	864,336	692,799
Cost of sales	201,372	142,553	571,401	407,203
Gross profit	95,403	86,801	292,935	285,596
Selling, general and administrative expenses	6,805	5,788	21,519	17,733
Income from operations	88,598	81,013	271,416	267,863
Other income (expense)				
Interest expense—Westlake	(6,190)	(4,947)	(17,592)	(7,381)
Other income, net	162	(13)	1,844	230
Income before income taxes	82,570	76,053	255,668	260,712
Provision for income taxes	325	194	925	890
Net income	82,245	75,859	254,743	259,822
Less: Net income attributable to noncontrolling interest in OpCo	68,860	67,198	221,619	229,733
Net income attributable to Westlake Chemical Partners LP	\$ 13,385	\$ 8,661	\$ 33,124	\$ 30,089
MLP distributable cash flow ⁽¹⁾	\$ 15,478	\$ 6,833	\$ 37,892	\$ 20,643
EBITDA ⁽²⁾	\$ 117,813	\$ 107,290	\$ 359,762	\$ 335,565

(1) See "Reconciliation of MLP Distributable Cash Flow to Net Income and Net Cash Provided by Operating Activities" below.

(2) See "Reconciliation of EBITDA to Net Income and Net Cash Provided by Operating Activities" below.

	Three Months Ended September 30, 2017		Nine Months Ended September 30, 2017	
	Average Sales Price	Volume	Average Sales Price	Volume
Product sales prices and volume percentage change from prior-year period	-7.5 %	+36.9%	-3.9 %	+28.7%

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Average industry prices ⁽¹⁾				
Ethane (cents/lb)	8.8	6.3	8.3	6.2
Propane (cents/lb)	18.2	11.2	16.6	10.7
Ethylene (cents/lb) ⁽²⁾	24.7	32.5	27.8	26.5

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

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

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

The following table presents reconciliations of MLP distributable cash flow to net income and net cash provided by operating activities, the most directly comparable GAAP financial measures, for each of the periods indicated.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(dollars in thousands)			
Net cash provided (used) by operating activities	\$ 139,630	\$ (7,907)	\$ 401,916	\$ 177,370
Changes in operating assets and liabilities and other	(57,222)	83,835	(146,810)	82,841
Deferred income taxes	(163)	(69)	(363)	(389)
Net Income	82,245	75,859	254,743	259,822
Add:				
Depreciation, amortization and disposition of property, plant and equipment ⁽¹⁾	31,790	26,290	89,239	67,472
Less:				
Contribution to turnaround reserves	(7,778)	(17,625)	(22,641)	(33,963)
Maintenance capital expenditures ⁽²⁾	(9,827)	(21,747)	(28,081)	(103,609)
Incentive distribution rights	(498)	(91)	(1,052)	(139)
Distributable cash flow attributable to noncontrolling interest in OpCo	(80,454)	(55,853)	(254,316)	(168,940)
MLP distributable cash flow	\$ 15,478	\$ 6,833	\$ 37,892	\$ 20,643

- (1) Higher depreciation, amortization and disposition of property, plant and equipment in the third quarter and first nine months of 2017 as compared to the third quarter and first nine months of 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 expansion and turnaround project that was completed in July 2016.
- (2) Lower maintenance capital expenditures in the third quarter and first nine months of 2017 as compared to the third quarter and first nine months of 2016 are primarily related to the Lake Charles Petro 1 facility maintenance capital expenditures incurred in the first nine months of 2016.

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

The following table presents reconciliations of EBITDA to net income and net cash provided by operating activities, the most directly comparable GAAP financial measures, for each of the periods indicated.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(dollars in thousands)			
Net cash provided (used) by operating activities	\$ 139,630	\$ (7,907)	\$ 401,916	\$ 177,370
Changes in operating assets and liabilities and other	(57,222)	83,835	(146,810)	82,841
Deferred income taxes	(163)	(69)	(363)	(389)
Net Income	82,245	75,859	254,743	259,822
Add:				
Depreciation and amortization	29,053	26,290	86,502	67,472
Interest expense	6,190	4,947	17,592	7,381
Provision for income taxes	325	194	925	890
EBITDA	\$ 117,813	\$ 107,290	\$ 359,762	\$ 335,565

Summary

For the quarter ended September 30, 2017, net income was \$82.2 million on net sales of \$296.8 million. This represents an increase in net income of \$6.3 million as compared to the quarter ended September 30, 2016 net income of \$75.9 million on net sales of \$229.4 million. Net income for the third quarter of 2017 was higher due to higher sales volumes, partially offset by the Shortfall of approximately \$25.2 million recognized in the third quarter of 2016, increased depreciation and amortization expense, higher selling, general and administrative expenses and higher interest expense in the third quarter of 2017 as compared to the third quarter of 2016. Net income attributable to Westlake Chemical Partners LP for the quarter ended September 30, 2017 was \$13.4 million as compared to \$8.7 million for the quarter ended September 30, 2016, an increase of \$4.7 million, which was primarily due to higher sales volume and a 5% increase in the Partnership's interest in OpCo, effective as of July 1, 2017. Net sales for the third quarter of 2017 increased by \$67.4 million as compared to net sales for the third quarter of 2016 mainly attributable to higher sales volumes to Westlake and third parties, partially offset by lower sales prices to Westlake due to the Shortfall of approximately \$25.2 million recognized in the third quarter of 2016. Income from operations was \$88.6 million for the third quarter of 2017 as compared to \$81.0 million for the third quarter of 2016. Income from operations for the third quarter of 2017 increased mainly as a result of higher sales volumes to Westlake and third parties, partially offset by the Shortfall of approximately \$25.2 million recognized in the third quarter of 2016, higher depreciation and amortization expense and higher selling, general and administrative expenses in the third quarter of 2017 as compared to the third quarter of 2016.

For the nine months ended September 30, 2017, net income was \$254.7 million on net sales of \$864.3 million. This represents a decrease in net income of \$5.1 million as compared to the nine months ended September 30, 2016 net income of \$259.8 million on net sales of \$692.8 million. Net income for the nine months ended September 30, 2017 was lower due to the Shortfall of approximately \$81.7 million recognized during the first nine months of 2016, decreased capitalized interest on major projects, increased depreciation and amortization expense and higher selling, general and administrative expenses, partially offset by higher sales volumes in the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016. Net income attributable to Westlake Chemical Partners LP for the nine months ended September 30, 2017 was \$33.1 million as compared to \$30.1 million for the nine months ended September 30, 2016, an increase of \$3.0 million, which was primarily due to higher sales volume and a 5% increase in the Partnership's interest in OpCo, effective as of July 1, 2017. Net sales for the nine months ended September 30, 2017 increased by \$171.5 million as compared to net sales for the nine months ended September 30, 2016 mainly attributable to higher overall sales volumes to Westlake and third parties, partially offset by the Shortfall of approximately \$81.7 million recognized during the first nine months of 2016. Income from operations was \$271.4 million for the nine months ended September 30, 2017, as compared to \$267.9 million for the nine months ended September 30, 2016. Income from operations for the nine months ended September 30, 2017 increased mainly as a result of higher sales volumes to Westlake and third parties for the nine months ended September 30, 2017, partially offset by the Shortfall recognized for the nine months ended September 30, 2016, higher depreciation and amortization expense and higher selling, general and administrative expenses for the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016.

RESULTS OF OPERATIONS

Third Quarter 2017 Compared with Third Quarter 2016

Net Sales. Total net sales increased by \$67.4 million, or 29.4%, to \$296.8 million in the third quarter of 2017 from \$229.4 million in the third quarter of 2016. The overall increase in sales volumes for the third quarter of 2017 contributed to an increase in net sales of 36.9%, as compared to the third quarter of 2016, which was primarily due to higher sales volumes to Westlake. This increase was partially offset by a 7.5% lower sales price of ethylene for the third quarter of 2017 compared to the sales price for the third quarter of 2016, which was primarily due to the Shortfall recognized as a component of net sales for the third quarter of 2016. Ethylene production at the Lake Charles Petro I facility increased during the third quarter of 2017 as a result of the upgrade and capacity expansion that was completed in July 2016. The production rates at the Lake Charles Petro 2 facility and at the Calvert City Olefins facility were also higher during the third quarter of 2017 as compared to the third quarter of 2016.

Gross Profit. Gross profit increased to \$95.4 million for the third quarter of 2017 from \$86.8 million for the third quarter of 2016. The gross profit margin in the third quarter of 2017 was 32.1%, as compared to 37.8% for the third quarter of 2016. The third quarter of 2017 gross profit margin was lower due to the higher depreciation and amortization expense in the third quarter of 2017 as a result of the 2016 Lake Charles Petro 1 facility expansion and turnaround and the recognition of the Shortfall in the third quarter of 2016, partially offset by higher sales volume to Westlake, as compared to the third quarter of 2016.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by \$1.0 million, or 17.2%, to \$6.8 million in the third quarter of 2017 as compared to \$5.8 million in the third quarter of 2016. The increase was mainly attributable to the general and administrative expense allocation from Westlake and an increase in consulting and professional fees, partially offset by a decrease in the allowance for bad debt accounts in the third quarter of 2017, as compared to the prior-year period.

Interest Expense. Interest expense increased by \$1.3 million to \$6.2 million in the third quarter of 2017 from \$4.9 million in the third quarter of 2016, largely due to a higher average debt balance to fund the capital expenditures related to the Lake Charles Petro 1 upgrade and expansion in 2016 and Calvert City Olefins upgrade and expansion in March and April 2017, as compared to the third quarter of 2016.

Nine Months Ended September 30, 2017 Compared with Nine Months Ended September 30, 2016

Net Sales. Total net sales increased by \$171.5 million, or 24.8%, to \$864.3 million in the nine months ended September 30, 2017 from \$692.8 million in the nine months ended September 30, 2016. The overall sales volumes for the nine months ended September 30, 2017 contributed to an increase in net sales of 28.7%, as compared to the nine months ended September 30, 2016, due to higher sales volumes to Westlake and third parties. The overall ethylene and co-product sales price for the nine months ended September 30, 2017 decreased by 3.9%, which was primarily due to lower sales prices to Westlake due to the recognition of the Shortfall in the nine months ended September 30, 2016, partially offset by the increase in sales prices to third parties, as compared to the nine months ended September 30, 2016. Ethylene production at the Lake Charles Petro I facility increased during the nine months ended September 30, 2017 as a result of the upgrade and capacity expansion that was completed in July 2016 and higher production rates at the Lake Charles Petro 2 and Calvert City Olefins facilities, as compared to the nine months ended September 30, 2016.

Gross Profit. Gross profit increased to \$292.9 million for the nine months ended September 30, 2017 from \$285.6 million for the nine months ended September 30, 2016. The gross profit margin in the nine months ended September 30, 2017 was 33.9%, as compared with 41.2% for the nine months ended September 30, 2016. The nine months ended September 30, 2017 gross profit margin was lower due to the higher depreciation and amortization expense in the nine months ended September 30, 2017 as a result of the 2016 Lake Charles Petro 1 facility expansion and turnaround and the recognition of the Shortfall in the nine months ended September 30, 2016, partially offset by a higher sales volume to third parties and Westlake, as compared to the nine months ended September 30, 2016.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by \$3.8 million, or 21.5%, to \$21.5 million in the nine months ended September 30, 2017 as compared to \$17.7 million in the nine months ended September 30, 2016. The increase was mainly attributable to the increase in general and administrative expense allocation from Westlake and an increase in consulting and professional fees, partially offset by the decrease in allowance for bad debt accounts in the nine months ended September 30, 2017, as compared to the prior-year period.

Interest Expense. Interest expense increased by \$10.2 million to \$17.6 million in the nine months ended September 30, 2017 from \$7.4 million in the nine months ended September 30, 2016, largely due to decreased capitalized interest on major projects in the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016 and a higher average debt balance in the nine months ended September 30, 2017, to fund the capital expenditures related to the Lake Charles Petro 1 upgrade and expansion in 2016 and Calvert City Olefins upgrade and expansion during March and April 2017, as compared to the nine months ended September 30, 2016.

Other Income. The increase in other income in the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016, was primarily due to the recognition of an insurance recovery with respect to the involuntary conversion of asset related to the Calvert City Olefins unplanned shut-down in 2016.

CASH FLOW DISCUSSION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

Operating Activities

Operating activities provided cash of \$401.9 million in the first nine months of 2017 compared to cash provided by operating activities of \$177.4 million in the first nine months of 2016. The \$224.5 million increase in cash flows from operating activities was mainly due to an increase in cash provided by working capital and lower turnaround related expenditures during the nine months ended September 30, 2017 as compared to the prior-year period. These increases were largely offset by the decrease in net income for the first nine months of 2017, as compared to the first nine months of 2016. 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 \$70.1 million in the first nine months of 2017 as compared to \$76.4 million of cash used in the first nine months of 2016, resulting in an overall favorable change of \$146.5 million. The favorable change in working capital is mainly attributable to the favorable change in the Westlake accounts receivable balance, partially offset by unfavorable changes in third party accounts payable and accrued liabilities.

Investing Activities

Net cash used for investing activities during the first nine months of 2017 was \$173.8 million as compared to net cash used for investing activities of \$268.5 million in the first nine months of 2016, mainly due to \$119.0 million of cash invested with Westlake under the Investment Management Agreement, partially offset by decreased capital expenditures in the first nine months of 2017 as compared to the prior-year period. Capital expenditures during the first nine months of 2017 were primarily incurred for the Calvert City expansion while the same period in 2016 primarily reflected capital expenditures for the Lake Charles Petro 1 facility expansions and turnaround project. The Lake Charles Petro 1 facility expansion and turnaround project was completed in July 2016.

Financing Activities

Net cash used for financing activities during the first nine months of 2017 was \$299.8 million as compared to net cash used for financing activities of \$3.4 million in the first nine months of 2016. The cash outflows during the first nine months of 2017 were related to the distribution of \$263.5 million to Westlake and of \$29.5 million to other unitholders by the Partnership and the repayment of \$272.8 million of borrowings under the OpCo Revolver as compared to the distribution of \$188.7 million to Westlake and of \$25.8 million to other unitholders during the first nine months of 2016. The distributions and repayment in the first nine months of 2017 were partially offset by borrowings under the OpCo Revolver of \$37.1 million to fund capital expenditures, the borrowings of \$118.2 million under the MLP Revolver and net proceeds from the common units offering of \$110.7 million to fund the purchase of an additional 5% interest in OpCo effective July 1, 2017. The distributions in the first nine months of 2016 were partially offset by borrowing under the OpCo Revolver of \$212.2 million primarily to fund capital expenditures and our working capital requirements.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Financing Arrangements

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 common units representing limited partner interests of the Partnership, other classes of units representing limited partners interests of the Partnership or debt securities. 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 was a restricted subsidiary and guarantor under Westlake's credit facility and the indentures governing its senior notes until August 2016. These guarantees were released during August 2016. 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.

On September 29, 2017, we completed our 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 was \$110.7 million, net of underwriting discounts, structuring fees and estimated offering expenses of approximately \$3.1 million.

On August 1, 2017, the Partnership entered into an Investment Management Agreement with OpCo and Westlake 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, 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 November 1, 2017, the board of directors of Westlake Chemical Partners GP LLC, our general partner, approved a quarterly distribution of \$0.3756 per unit payable on November 29, 2017 to unitholders of record as of November 14, 2017 and a distribution to the incentive distribution rights holder ("IDR Holder"), which equates to a total amount of approximately \$12.6 million per quarter, or approximately \$50.4 million per year in aggregate (in each case, including the distribution to the IDR Holder), based on the number of common and subordinated units outstanding on September 30, 2017. 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 nine months ended September 30, 2017 and 2016, Westlake loaned OpCo \$155.3 million and \$212.2 million, respectively, of which \$37.1 million and \$157.6 million was used to fund the expansion capital expenditures in the first nine months of 2017 and 2016, respectively. The total capital expenditures, which include expansion and capital maintenance costs, for 2017 are expected to be approximately \$71.2 million, of which \$56.6 million was spent during the nine months ended September 30, 2017. 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 September 30, 2017, our cash and cash equivalents totaled \$17.2 million. In addition, we have the invested cash under the Investment Management Agreement (as described below) and a revolving credit facility with Westlake available to supplement cash if needed, as described under "Indebtedness" below.

On August 1, 2017, the Partnership, OpCo and Westlake executed 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. The Partnership had \$119.0 million of invested cash under the Investment Management Agreement at September 30, 2017.

Indebtedness

August 2013 Promissory Notes

In connection with the closing of the IPO, OpCo assumed \$246.1 million of indebtedness under three intercompany promissory notes (the "August 2013 Promissory Notes"). The August 2013 Promissory Notes had a ten-year term and bore interest at the prime rate plus a 1.5% margin, which was accrued in arrears quarterly. OpCo had the right at any time to prepay the August 2013 Promissory Notes, in whole or in part, without any premium or penalty. The August 2013 Promissory Notes were scheduled to mature in August 2023. On September 29, 2017, OpCo repaid the balance of the August 2013 Promissory Note in full.

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. As of September 30, 2017, outstanding borrowings under the OpCo Revolver totaled \$223.6 million and bore interest at the LIBOR rate plus 3.0%, which is accrued in arrears quarterly. The OpCo Revolver is scheduled to mature in 2019. On September 29, 2017, OpCo repaid \$197.4 million of the borrowings under the OpCo Revolver.

MLP Revolver

In 2015, we entered into a \$300.0 million senior, unsecured revolving credit agreement with Westlake Chemical Finance Corporation, an affiliate of Westlake ("MLP Revolver"). On August 1, 2017, the Partnership entered into an amendment to the MLP Revolver credit agreement, resulting in the extension of the maturity date from April 29, 2018 to April 29, 2021. On September 29, 2017, the Partnership borrowed \$118.2 million under the MLP Revolver to fund the purchase of an additional 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), 5.50:1.0 or less, or (2) during any other period, 4.50:1.0 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 September 30, 2017, outstanding borrowings under the MLP Revolver totaled \$253.5 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.

Off-Balance Sheet Arrangements

None.

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 projects;
- our intended minimum quarterly distributions and the manner of making such distributions;
- our ability to meet our liquidity needs;
- timing of and amount of capital expenditures;
- 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;

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- 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 in "Risk Factors" in the 2016 Form 10-K 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, the Commonwealth of Independent States (including Ukraine) and elsewhere;
- current and potential governmental regulatory actions in the United States and regulatory actions and political unrest in other countries;
- industry production capacity and operating rates;
- the supply/demand balance for our product;
- competitive products and pricing pressures;
- instability in the credit and financial markets;
- access to capital markets;
- terrorist acts;
- operating interruptions (including leaks, explosions, fires, weather-related incidents, mechanical failure, unscheduled downtime, labor difficulties, transportation interruptions, spills and releases and other environmental risks);
- changes in laws or regulations;
- technological developments;
- our ability to integrate acquired businesses;
- foreign currency exchange risks;
- our ability to implement our business strategies; and
- creditworthiness of our customers.

Many of 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.

Item 3. 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 fluctuations during the term of the Ethylene Sales Agreement through the minimum commitment and the cost-plus based pricing.

Interest Rate Risk

We are exposed to interest rate risk with respect to our outstanding debt, all of which is variable rate debt. At September 30, 2017, we had variable rate debt of \$477.1 million outstanding, all of which was owed to wholly owned subsidiaries of Westlake, \$223.6 million of which accrues interest at a variable rate of LIBOR plus 300 basis points and the remaining \$253.5 million of which accrues interest at a variable rate of LIBOR plus 200 basis points. During August 2015, the Partnership entered into an interest rate contract with Westlake to fix the LIBOR component of the interest rate for a portion of the debt. The weighted average variable interest rate of our debt, excluding the effectively fixed rate portion through the interest rate contract, as of September 30, 2017 was 4.0%. 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 (excluding the effectively fixed rate debt portion through the interest rate contract) by 100 basis points would increase our annual interest expense by approximately \$4.1 million, based on the September 30, 2017 debt balance.

Item 4. 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 Executive 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 Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this report. Based upon that evaluation, our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer concluded that our disclosure controls and procedures are effective with respect to (i) the accumulation and communication to our management, including our Chief Executive Officer and our Chief Financial Officer, of information required to be disclosed by us in the reports that we submit under the Exchange Act, and (ii) the recording, processing, summarizing and reporting of such information within the time periods specified in the SEC's rules and forms.

There were no changes in our internal control over financial reporting that occurred during the three months ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The 2016 Form 10-K, filed on March 7, 2017, contained a description of various legal proceedings in which we are involved, including environmental proceedings. See Note 15 to the unaudited consolidated financial statements within this Quarterly Report on Form 10-Q for a description of certain of those proceedings, which information is incorporated by reference herein. In addition, under the Omnibus Agreement, Westlake has agreed to indemnify the Partnership for certain environmental and other liabilities relating to OpCo's processing facilities and related assets.

Item 1A. Risk Factors

For a discussion of risk factors, please read Item IA, "Risk Factors" in the 2016 Form 10-K. There have been no material changes from those risk factors.

Item 6. Exhibits

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
2.1	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. 01-36567)
10.1†	Investment Management Agreement among Westlake Chemical Corporation, Westlake Chemical OpCo LP, and Westlake Chemical Partners LP, dated as of August 1, 2017
10.2	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)
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
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

† Filed herewith.

Furnished herewith.

INVESTMENT MANAGEMENT AGREEMENT

This INVESTMENT MANAGEMENT AGREEMENT (this “**Agreement**”) is made as of August 1, 2017, among WESTLAKE CHEMICAL CORPORATION, a Delaware corporation (“**Westlake**”), WESTLAKE CHEMICAL OPCO LP, a Delaware limited partnership (“**OpCo**”), and WESTLAKE CHEMICAL PARTNERS LP, a Delaware limited partnership (“**MLP**”).

WITNESSETH:

WHEREAS, OpCo and MLP from time to time have the need to make short-term investments of surplus cash; and

WHEREAS, OpCo and MLP expect to access more diverse range of investment options on the investment of surplus cash through joint investment with Westlake and its affiliates; and

WHEREAS, the parties have determined that it is therefore advisable and in the best interests of OpCo and MLP to authorize Westlake to establish, maintain and manage a cash and investment management system for excess cash and investments of OpCo and MLP, including authorizing Westlake to hold in Westlake’s own accounts to manage OpCo’s and MLP’s cash and investments; and

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties hereto agree as follows:

1. Investment Manager. OpCo and MLP hereby appoint Westlake as their agent with the power and discretion to act as investment manager (the “**Investment Manager**”) with respect to their excess cash, and direct the Investment Manager to invest such excess cash for the duration(s) either of them may specify from time to time.

2. Duties, Authority and Covenants.

(a) The Investment Manager will have the authority, as agent for and in the name of OpCo and MLP, to make investment decisions, to arrange for the executions of purchases and sales, and generally to manage the investment of the excess cash of OpCo and MLP on a fully discretionary basis (subject to compliance with the Investment Guidelines referred to in Section 3(a) below).

(b) All funds and other assets comprising the investments of OpCo and MLP, (the “**Portfolios**”) shall be held in the name of the Investment Manager either directly by the Investment Manager or by appropriate banks, trust companies, brokers, dealers or other custodians (each a “**Custodian**”), and all payments in respect of investment transactions shall be handled directly between the Investment Manager and its respective Custodians. OpCo and MLP consent to the commingling of the Portfolios with funds and other assets comprising investments of the Investment Manager and its other direct and indirect subsidiaries.

(c) In the event that either OpCo or MLP requests any cash from its Portfolio earlier than the duration(s) specified in Section 1 above, the Investment Manager may liquidate the necessary portion of the Portfolio in a prudent and efficient manner to minimize any loss of capital and investment income complying with such request and transfer the requested cash to the order of OpCo or MLP, as the case may be. Notwithstanding any of the foregoing, OpCo and MLP shall receive the Earnings as calculated in Section 3(c) below.

3. Investment Guidelines, Fees, Costs and Income.

(a) Investment Guidelines. The Investment Manager shall adhere to the Investment Guidelines attached hereto as “Annex A” when investing excess cash on behalf of OpCo or MLP.

(b) OpCo and MLP shall each reimburse the Investment Manager for their allocable shares of any fees and expenses paid by the Investment Manager with respect to managing their respective Portfolios, including, but not limited to costs of consultants and other professionals, whether related or unrelated to the Investment Manager.

(c) The Investment Manager shall pay each of OpCo and MLP based on the sum of (a) the then applicable interest curve for A2/P2 US-dollar denominated commercial paper as published by Bloomberg and (b) five basis point, multiplied by the total balance of their respective Portfolio for any applicable one-day, one-week, one-month, three-month, six-month or nine-month duration (“**Earnings**”). A sample screen shot of the interest curve is attached hereto as “Annex B”.

4. No Joint Venture, etc. The parties hereto acknowledge that this Agreement shall not create and shall not be construed to create a relationship of joint tenancy, joint venturers, co-partners, employer and employee, master and servant or any similar relationship between the parties hereto.

5. Exculpation; Indemnification.

(a) None of Westlake, its affiliates or any of their respective members, managers, partners, directors, officers and employees and the legal representatives of any of them (each, an “**Indemnified Affiliate**”) shall be liable to OpCo, Westlake Chemical OpCo GP LLC, Westlake Chemical Partners LP or Westlake Chemical Partners GP LLC, for any mistakes of judgment or acts or omissions arising out of or in connection with any investment made or held by OpCo and MLP, as the case maybe, hereunder or this Agreement except in the case of a liability resulting from Westlake’s or such Indemnified Affiliate’s own fraud, gross negligence, willful misconduct or bad faith. Each Indemnified Affiliate may consult with counsel and accountants in respect of OpCo’s and MLP’s affairs and be fully protected and justified in any action or inaction that is taken in accordance with the advice or opinion of such counsel and accountants.

(b) To the fullest extent permitted by law, OpCo and MLP shall indemnify and hold harmless Westlake and its Indemnified Affiliates (each, an “**IM Indemnitee**”), against any loss, cost or expense suffered or sustained by an IM Indemnitee by reason of any acts, omissions or alleged acts or omissions arising out of, or in connection with OpCo and MLP, as the case may

be, any investment made or held by OpCo and MLP, as the case may be, or this Agreement, including, without limitation, any judgment, award, settlement, reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding, or claim, *provided* that such acts, omissions or alleged acts or omissions upon which such actual or threatened action, proceeding or claim are based were not made in bad faith or did not constitute fraud, willful misconduct or gross negligence by such IM Indemnitee. Each of OpCo and MLP shall, in the sole discretion of Westlake, advance to any IM Indemnitee reasonable attorneys' fees and other costs and expenses incurred in connection with the defense of any action or proceeding that arises out of such conduct. In the event that any advance described in the preceding sentence is made by OpCo and MLP, the IM Indemnitee receiving such advance shall agree to reimburse OpCo and MLP for such fees, costs and expenses to the extent that it shall be determined that it was not entitled to indemnification under this Agreement.

(c) The provisions of this Section 6 shall survive any termination of this Agreement.

6. Term and Termination.

(a) This Agreement shall terminate upon the termination date set forth in a notice of termination delivered by the Investment Manager to OpCo and MLP, as the case may be, or by OpCo and MLP, as the case may be, to the Investment Manager, not less than 30 days prior to the termination date set forth therein.

(b) Upon any such termination of this Agreement, OpCo or MLP, as the case may be, shall pay the Investment Manager (i) all fees and expenses that have been incurred by the Investment Manager prior to the date of such termination and to the extent reimbursable under Section 4(b), and (ii) any fees and expenses that have accrued to the Investment Manager as of the date of such termination.

(c) Upon any such termination of this Agreement, Westlake shall cause to be paid to OpCo or MLP, as the case may be, (i) OpCo's or MLP's Earnings, if any, and (ii) OpCo's or MLP's respective Portfolio.

7. Miscellaneous.

(a) Notices. All notices, reports and other communications given pursuant to this Agreement shall be in writing and shall be (i) sent by e-mail or (ii) accomplished by any other method agreed upon by the parties hereto in writing. Notice given in any other manner shall be effective when received by the addressee or its agent.

(b) Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. No party to this Agreement may assign or delegate its rights or duties under this Agreement, except to the extent expressly provided herein, without the consent of the other parties hereto.

(c) Amendment; Waiver. Except as otherwise provided herein, this Agreement may not be amended except by a written instrument signed by the parties hereto. Neither the failure nor delay on the part of any party hereto to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

(d) Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction only, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(e) Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any prior agreement or understanding between them with respect to such subject matter.

(f) Reliance by Third Parties. The signatures of Westlake shall be sufficient to bind OpCo and MLP, as the case may be, with respect to matters provided for under this Agreement.

(g) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard for the principles of conflict of laws thereof.

(h) Jurisdiction; Consent to Service of Process. With respect to any judicial proceeding involving any dispute, controversy or claim arising out of or relating to this Agreement, each of the parties hereto irrevocably and unconditionally agrees (i) to be subject to the jurisdiction of the courts of the State of Texas and of the United States District Court for the Southern District of Texas, and any courts appealable from any such courts, (ii) that, to the fullest extent permitted by applicable law, service of process may be made on any party hereto by prepaid certified mail with a validated proof of mailing receipt constituting evidence of valid service and (iii) that service made pursuant to the immediately preceding clause (ii) shall, to the fullest extent permitted by applicable law, have the same legal force and effect as if served upon such party personally within the State of Texas.

IN WITNESS WHEREOF the parties hereto, by their duly authorized representatives, have executed this Agreement as of the day and year first written above.

WESTLAKE CHEMICAL CORPORATION

By: /S/ M. STEVEN BENDER

Name: M. Steven Bender

Title: Executive Vice President &
Chief Financial Officer

WESTLAKE CHEMICAL OPCO LP

By: Westlake Chemical OpCo GP LLC, its general partner

By: /S/ M. STEVEN BENDER

Name: M. Steven Bender

Title: Executive Vice President &
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: Executive Vice President &
Chief Financial Officer

Annex A

Investment Guidelines

Westlake Chemical Corporation
Corporate Investment Policy Summary

This Corporate Cash Investing Policy shall limit investment activities of Westlake Chemical Corporation (WCC) in order to insure safety, liquidity, and preservation of capital.

Summary of Policies:

- a) WCC shall restrict its cash investments to maturities less than 366 days from the date of settlement. The average weighted maturity shall be consistent with the cash needs of the corporation as determined by its cash forecast.
- b) WCC shall restrict its excess cash to the following categories of investments:
 - i) Direct obligations of the United States of America, or any agency thereof, or obligations guaranteed as to principal and interest by the United States of America, maturing not more than one year from the date of acquisition thereof;
 - ii) Domestic certificates of deposit and banker's acceptances issued by any bank or trust company organized under the laws of the United States of America or any state thereof and having: surplus and undivided profits of at least \$500,000,000, an individual rating from Fitch of B/C or better, and maturing not more than one year from the date of acquisition thereof.
 - iii) Time deposits, Eurodollar and Yankee certificates of deposit issued by any bank having capital, surplus, and undivided profits of at least \$500,000,000 and short term ratings of A-2 (S&P) or P-2 (Moody's) or better, maturing not more than six months from the date of acquisition thereof.
 - iv) Commercial paper rated A-2 (S&P) or P-2 (Moody's) or better, maturing not more than 120 days from the date of acquisition thereof, and
 - v) Dollar denominated money market funds as approved by management.
- c) WCC shall at no time borrow funds from any institution in order to use such funds for speculative purposes.
- d) WCC will diversify external cash investments consistent with liquidity, safety, and preservation of capital.
- e) This investment policy may be changed or modified, as required, by the WCC CFO.

Approved by:

/S/ JEFF HOLY

Jeff Holy

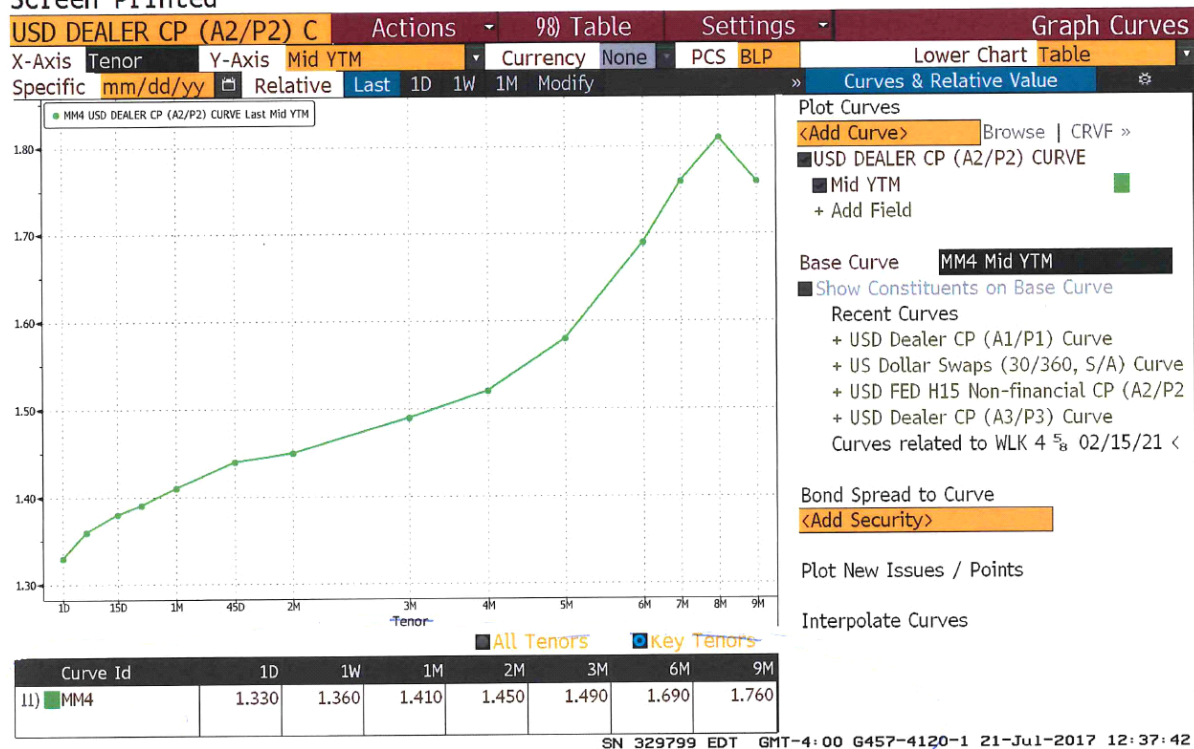
Treasurer

August 1, 2017

Annex B

A2/P2 Commercial Paper interest curve

Screen Printed



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Section 3: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

CERTIFICATIONS

I, Albert Chao, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Westlake Chemical Partners LP;
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 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 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: November 7, 2017

/s/ ALBERT CHAO

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

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Section 4: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

CERTIFICATIONS

I, M. Steven Bender, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Westlake Chemical Partners LP;
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 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 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: November 7, 2017

/s/ M. STEVEN BENDER

M. Steven Bender
Executive Vice President, Chief Financial Officer and
Director of Westlake Chemical Partners GP LLC
(Principal Financial Officer)

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Section 5: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

**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 Quarterly Report of Westlake Chemical Partners LP (the "Partnership") on Form 10-Q for the fiscal quarter ended September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Albert Chao, President, Chief Executive Officer and Director of the Partnership, and I, M. Steven Bender, Executive Vice President, Chief Financial Officer and Director of the Partnership, certify, to the best of our knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (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 aspects, the financial condition and results of operations of the Partnership.

Date: November 7, 2017

/s/ ALBERT CHAO

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

Date: November 7, 2017

/s/ M. STEVEN BENDER

M. Steven Bender
Executive Vice President, Chief Financial Officer and
Director of Westlake Chemical Partners GP LLC
(Principal Financial Officer)

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