AGL RESOURCES INC
Form 4
November 10, 2015

FORM 4

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
SOMERHALDER JOHN W II

(Last) (First) (Middle)

TEN PEACHTREE PLACE

(Street)

ATLANTA, GA 30309

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
AGL RESOURCES INC [GAS]

3. Date of Earliest Transaction (Month/Day/Year)
11/06/2015

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chairman and CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)

(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)		Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)					
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Common Stock Equivalent Units (CSEs)	$ 0	11/06/2015	A		43.4602		(1)	(2)	Common Stock	43.4602

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SOMERHALDER JOHN W II TEN PEACHTREE PLACE ATLANTA, GA 30309	X		Chairman and CEO	

Signatures

Barbara P. Christopher, by power of attorney	11/10/2015
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Immediately.

(2) The units are to be settled in cash upon the reporting person's termination of employment based on the fair market value of the Company's common stock as of the date of valuation. The reporting person may transfer the value of his common stock equivalent units into an alternative investment account at any time prior to settlement.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ottom"> **(dollars in thousands)**

Income (loss) from operations

Olefins

$58,245 $16,074

Vinyls

(14,926) (15,381)

Corporate and other

(8,890) (1,596)

Total income (loss) from operations

34,429 (903)

Interest expense

(8,788) (8,596)

Other income, net

1,094 2,477

Provision for (benefit from) income taxes

9,088 (947)

Net income (loss)

$17,647 $(6,075)

Diluted earnings (loss) per share

$0.27 $(0.09)

Three Months Ended March 31, 2010	Average Sales Price	Volume
Product sales price and volume percentage change from prior year period		
Olefins [1]	+57.6%	+17.3%
Vinyls [2]	+3.1%	+25.8%
Company average	+39.1%	+20.2%

(1) Includes: Ethylene and co-products, polyethylene, and styrene.

(2) Includes: Ethylene co-products, caustic, VCM, PVC resin, PVC pipe, and other fabricated products.

Three Months Ended March 31,	2010	2009

Average industry prices [1]

Ethane (cents/lb)	24.7	12.0
Propane (cents/lb)	29.4	16.0
Ethylene (cents/lb) [2]	52.3	31.5
Polyethylene (cents/lb) [3]	86.3	65.0
Styrene (cents/lb) [4]	67.7	40.4
Caustic ($/short ton) [5]	273.3	821.7
Chlorine ($/short ton) [6]	311.7	175.0
PVC (cents/lb) [7]	66.3	45.7

Table of Contents

(1) Industry pricing data was obtained through the Chemical Market Associates, Inc., or CMAI. We have not independently verified the data.

(2) Represents average North American contract prices of ethylene over the period as reported by CMAI.

(3) Represents average North American contract prices of polyethylene low density film over the period as reported by CMAI.

(4) Represents average North American contract prices of styrene over the period as reported by CMAI.

(5) Represents average North American acquisition prices of caustic soda (diaphragm grade) over the period as reported by CMAI.

(6) Represents average North American contract prices of chlorine (into chemicals) over the period as reported by CMAI.

(7) Represents average North American contract prices of PVC over the period as reported by CMAI.

Summary

For the quarter ended March 31, 2010, net income was $17.6 million, or $0.27 per diluted share, on net sales of $778.3 million. This represents a positive change in net income of $23.7 million, or $0.36 per diluted share, from the quarter ended March 31, 2009 net loss of $6.1 million, or $0.09 per diluted share, on net sales of $488.3 million. Sales for the first quarter of 2010 increased $290.0 million compared to the first quarter of 2009 due primarily to higher sales prices and sales volumes for most of our major products. Income from operations was $34.4 million for the first quarter of 2010 as compared to loss from operations of $0.9 million for the first quarter of 2009. Operating margins benefited from improved production rates, a 20.2% increase in sales volume and higher polyethylene margins, partially offset by lower caustic margins resulting from a 66.7% decrease in industry caustic prices compared to the first quarter of 2009 and the unscheduled outage caused by freezing temperatures at one of our ethylene facilities in Lake Charles in the first quarter of 2010. As a result of the Lake Charles outage, we lost 21 days of ethylene production and expensed repairs and unabsorbed fixed manufacturing costs of $6.9 million. The first quarter of 2009 was negatively impacted by an unscheduled outage at our Calvert City facility and a turnaround at one of our ethylene units in Lake Charles, which resulted in repair costs and expensing of unabsorbed manufacturing costs of $19.5 million. Trading activity resulted in a gain of $0.5 million in the first quarter of 2010 compared to a gain of $4.0 million in the first quarter of 2009.

RESULTS OF OPERATIONS

First Quarter 2010 Compared with First Quarter 2009

Net Sales. Net sales increased by $290.0 million, or 59.4%, to $778.3 million in the first quarter of 2010 from $488.3 million in the first quarter of 2009. This increase was primarily due to higher sales prices for all major products except caustic, and higher sales volume for all major products except styrene. Average sales prices for the first quarter of 2010 increased by 39.1% as compared to the first quarter of 2009. Overall sales volume increased by 20.2% as compared to the first quarter of 2009, primarily attributable to higher demand for most of our major products.

Gross Margin. Gross margin percentage of 7.4% for the first quarter of 2010 increased from the 4.1% gross margin percentage for the first quarter of 2009. The improvement was primarily due to an increase in product sales prices, higher production rates and increased sales volume, which were partially offset by higher feedstock costs. In addition, the gross margin for the first quarter of 2010 was negatively impacted by the lost ethylene production, repair costs and unabsorbed fixed manufacturing costs incurred due to the Lake Charles outage. The 2009 gross margin was negatively impacted by the ice storm in Calvert City and the turnaround of one of our ethylene units in Lake Charles. Our raw material cost in both segments normally tracks industry prices, which experienced an increase of 105.8% for ethane and 83.8% for propane as compared to the first quarter of 2009. Sales prices increased an average of 39.1% during the first quarter of 2010.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the first quarter of 2010 increased by $2.3 million, or 11.0%, as compared to the first quarter of 2009. The increase was primarily attributable to higher professional fees and an increase in selling expenses consistent with the increase in sales.

Interest Expense. Interest expense increased by $0.2 million to $8.8 million in the first quarter of 2010 primarily due to the higher average debt outstanding in the first quarter of 2010.

Other Income, Net. Other income, net decreased to $1.1 million in the first quarter of 2010 from $2.5 million in the first quarter of 2009 primarily due to lower equity in income from our joint venture in China and lower interest income.

Income Taxes. The effective income tax rate was 34.0% for the first quarter of 2010. The effective 2010 period tax rate was below the statutory rate of 35% primarily due to state tax credits and the domestic manufacturing deduction, partially offset by state income taxes. The effective income tax benefit rate was 13.5% for the first quarter of 2009. The effective 2009 period tax rate was below the statutory rate of 35% primarily due to the decrease in the domestic manufacturing deduction lost caused by carrying back the year-to-date taxable loss and state income taxes, partially offset by state tax credits.

Table of Contents

Olefins Segment

Net Sales. Net sales increased by $242.2 million, or 75.0%, to $565.0 million in the first quarter of 2010 from $322.8 million in the first quarter of 2009. This increase was primarily due to an increase in sales prices for all major olefins products and an increase in sales volume for all major olefins products, except styrene, as compared to the first quarter of 2009. Average sales prices for the Olefins segment increased by 57.6% in the first quarter of 2010 as compared to the first quarter of 2009, while average sales volumes increased by 17.3% in the first quarter of 2010 as compared to the first quarter of 2009.

Income from Operations. Income from operations increased by $42.1 million to $58.2 million in the first quarter of 2010 from $16.1 million in the first quarter of 2009. This increase was mainly attributable to improved polyethylene margins and higher operating rates. The increase was partially offset by the unscheduled outage at one of our ethylene units in Lake Charles. In addition, trading activity resulted in a gain of $0.5 million in the first quarter of 2010 as compared to a gain of $4.0 million in the first quarter of 2009. The first quarter of 2009 was negatively impacted by a turnaround at one of our ethylene units in Lake Charles.

Vinyls Segment

Net Sales. Net sales increased by $47.8 million, or 28.9%, to $213.3 million in the first quarter of 2010 from $165.5 million in the first quarter of 2009. This increase was primarily attributable to higher sales prices for all major vinyls products, except caustic, and an increase in sales volume for all major vinyls products. Average sales prices for the Vinyls segment increased by 3.1% in the first quarter of 2010 as compared to the first quarter of 2009, while average sales volumes increased by 25.8% in the first quarter of 2010 as compared to the first quarter of 2009.

Loss from Operations. The Vinyls segment incurred a loss from operations of $14.9 million in the first quarter of 2010 as compared to a loss from operations of $15.4 million in the first quarter of 2009, a positive change of $0.5 million. Operating results benefited from a 25.8% increase in sales volume and higher operating rates driven largely by increased customer demand. These increases were mostly offset by lower caustic margins, resulting from a 66.7% decrease in industry caustic prices, and higher feedstock costs.

CASH FLOW DISCUSSION FOR THREE MONTHS ENDED MARCH 31, 2010 AND 2009

Cash Flows

Operating Activities

Operating activities used cash of $55.1 million in the first three months of 2010 compared to cash provided of $120.3 million in the first three months of 2009. The $175.4 million decrease in cash flows from operating activities was primarily due to a decrease in cash provided from working capital, partially offset by an increase in income from operations in the first three months of 2010 compared to the prior year period. Income from operations increased by $35.3 million in the first three months of 2010 as compared to the first three months of 2009 primarily as a result of improved production rates, an increase in sales volume and higher margins for most of our products. Changes in components of working capital, which we define for purposes of this cash flow discussion as accounts receivable, inventories, prepaid expense and other current assets less accounts payable and accrued liabilities, used cash of $96.7 million in the first three months of 2010, compared to $107.9 million of cash provided in the first three months of 2009, an unfavorable change of $204.6 million. This change was largely due to an increase in accounts receivable and inventory primarily attributable to the increase in average product prices, sales volume and feedstock costs as compared to the prior year period.

Investing Activities

Net cash used for investing activities during the first three months of 2010 was $6.8 million as compared to net cash used for investing activities of $40.4 million in the first three months of 2009. Capital expenditures were $14.7 million in the first three months of 2010 compared to $32.8 million in the first three months of 2009. The decrease in capital expenditures in the 2010 period was largely attributable to expenditures related to capital projects performed during the turnaround at one of our ethylene facilities in Lake Charles and the completion of our new PVC pipe facility and PVC resin plant expansion in Yucca, Arizona and Calvert City, Kentucky, respectively, during the 2009 period. The remaining capital expenditures in the first three months of 2010 and 2009 primarily related to maintenance, safety and environmental projects. Other investing activities for the first three months of 2010 included proceeds of $7.8 million for the settlement of derivative instruments. In addition, we purchased a PVC pipe plant in Janesville, Wisconsin for $6.3 million during the first three months of 2009.

Financing Activities

Net cash provided by financing activities during the first three months of 2010 was $1.5 million as compared to net cash provided of $9.2 million in the first three months of 2009. The 2010 activity was primarily related to a $5.0 million draw-down of our restricted cash for use for eligible capital expenditures, partially offset by the $3.8 million payment of cash dividends. The 2009 activity was primarily related to a $14.0 million draw-down of our restricted cash, partially offset by the payment of cash dividends

Table of Contents

and costs associated with the issuance of the variable rate tax-exempt revenue bonds due August 1, 2029 under the Gulf Opportunity Zone Act of 2005 (the Initial Series 2009A Revenue Bonds) issued under a $100.0 million revenue bond issuance facility (the Series 2009A Revenue Bonds Facility) with the Louisiana Local Government Environmental Facility and Development Authority (the Authority), a political subdivision of the State of Louisiana, and the amendment of our revolving credit facility.

Liquidity and Capital Resources

Liquidity and Financing Arrangements

Our principal sources of liquidity are from cash and cash equivalents, restricted cash, cash from operations, short-term borrowings under our revolving credit facility and our long-term financing. As we continue to manage our business through the current economic environment, we have maintained our focus on cost control and various initiatives designed to preserve cash and liquidity.

In August 2008, we announced plans for the construction of a new chlor-alkali plant at our Geismar, Louisiana facility. The project is estimated to cost between $250 million and $300 million and would be partially funded with funds drawn from the proceeds of the issuance of the Initial Series 2009A Revenue Bonds and the 6 3/4% revenue bonds of the Authority, issued in August 2009 and December 2007, respectively, for our benefit, which are currently held as restricted cash. We expect the remaining funding would come from our revolving credit facility, cash flow from operations and, possibly, our ability to obtain additional financing in the future. At present, we are evaluating a start date for construction of this plant in light of the current economic and business conditions, and we are unable to predict when the plant may be completed.

We believe that our sources of liquidity as described above will be adequate to fund our normal operations and ongoing capital expenditures. Funding of any potential large expansions or any potential acquisitions of third-party assets may depend on our ability to obtain additional financing in the future. We must maintain a minimum fixed charge coverage ratio of 1.0:1 under our revolving credit facility or our ability to make distributions and acquisitions will be restricted. In February 2009, we amended our revolving credit facility to allow us to make distributions and specified acquisitions when our fixed charge coverage ratio falls below 1.0 but we maintain at least $125 million to $200 million (depending on the amount of the distribution or acquisition payment) of borrowing availability, including cash, under the credit facility. For the twelve months ended March 31, 2010, the fixed charge coverage ratio under our revolving credit facility was 2.8:1. The indenture governing our 6 5/8% senior notes due 2016 and our 6 3/4% senior notes due 2032 (collectively, the Senior Notes) requires us to maintain a fixed charge coverage ratio of at least 2.0:1 in order to incur additional debt, except for specified permitted debt. For the twelve months ended March 31, 2010, this fixed charge coverage ratio was 7.6:1.

We may not be able to access additional liquidity at cost effective interest rates due to the volatility of the commercial credit markets. Despite the economic downturn, our management believes that our revolving credit facility should be available up to our borrowing base, if needed.

Cash and Restricted Cash

Total cash balances were $281.5 million at March 31, 2010, which included cash and cash equivalents of $185.3 million and restricted cash of $96.2 million. The restricted cash is held by a trustee until such time as we either request reimbursement of amounts used to expand, refurbish and maintain our facilities in Calcasieu and Ascension Parishes or instruct the trustee to direct pay interest payable to the holders of our 6 3/4% senior notes. In addition, we have a revolving credit facility available to supplement cash if needed, as described under Debt below.

Debt

As of March 31, 2010, our long-term debt, including current maturities, totaled $515.4 million, consisting of $250.0 million principal amount of 6 5/8% senior notes due 2016 (less the unamortized discount of $0.5 million), $250.0 million of 6 3/4% senior notes due 2032, a $5.0 million loan related to the proceeds from the sale of the Initial Series 2009A Revenue Bonds (supported by a $5.1 million letter of credit) and a $10.9 million loan from the proceeds of tax-exempt waste disposal revenue bonds (supported by an $11.3 million letter of credit). The 6 3/4% senior notes evidence and secure our obligations to the Authority under a loan agreement relating to the issuance of $250.0 million aggregate principal amount of the Authority s tax-exempt revenue bonds. Debt outstanding under the Initial Series 2009A Revenue Bonds and the tax-exempt waste disposal revenue bonds bears interest at variable rates. As of March 31, 2010, we were in compliance with all of the covenants with respect to the Senior Notes, our loan related to the proceeds from the sale of the Initial Series 2009A Revenue Bonds, our waste disposal revenue bonds and our revolving credit facility.

In August 2009, the Authority issued $5.0 million of the Initial Series 2009A Revenue Bonds under the Series 2009A Revenue Bonds Facility. The bond proceeds, net of expenses, from this issuance were lent by the Authority to us under a loan agreement pursuant to which we agreed to pay all of the principal, premium, if any, and interest on the Initial Series 2009A Revenue Bonds and certain other amounts to the Authority. The

Initial Series 2009A Revenue Bonds are backed by an irrevocable $5.1 million letter of credit in favor of The Bank of New York Mellon Trust Company, N.A., as trustee for the Initial Series 2009A Revenue Bonds, which

23

Table of Contents

secures our obligations under the loan agreement. The Initial Series 2009A Revenue Bonds bear interest at a floating rate which is set weekly via a remarketing arrangement and was 0.35% and 0.32% at March 31, 2010 and December 31, 2009, respectively. The interest rate mode and interest rate period of the Initial Series 2009A Revenue Bonds are subject to change at our direction under certain circumstances. The Initial Series 2009A Revenue Bonds and any subsequent bonds issued under the Series 2009A Revenue Bonds Facility will mature on August 1, 2029. We intend to use the bond proceeds to expand, refurbish and maintain certain of our facilities in the Louisiana Parishes of Calcasieu and Ascension and to fund interest payments to the holders of our 6 $^{3}/4$% senior notes. We have not drawn any bond proceeds as of March 31, 2010. The net proceeds from this issuance, principal plus current and accrued interest income, remain with the trustee and are classified on our consolidated balance sheet as a non-current asset, restricted cash, until such time as we either request reimbursement of amounts used to expand, refurbish and maintain our facilities in Calcasieu and Ascension Parishes or instruct the trustee to direct pay interest payable to the holders of our 6 $^{3}/4$% senior notes.

In September 2008, we amended our senior secured revolving credit facility to, among other things, increase the lenders commitments under the facility from $300 million to $400 million. On February 5, 2009, we further amended our revolving credit facility to allow us to make distributions and specified acquisitions when our fixed charge coverage ratio falls below 1.0 but we maintain at least $125 million to $200 million (depending on the amount of the distribution and acquisition payments) of borrowing availability, including cash, under the credit facility. At March 31, 2010, we had no borrowings under the revolving credit facility. Any borrowings under the facility will bear interest at either LIBOR plus a spread ranging from 2.75% to 3.50% or a base rate plus a spread ranging from 1.25% to 2.0%. The revolving credit facility also requires an unused commitment fee ranging from 0.75% to 0.875%, depending on the average daily borrowings. All interest rates under the facility are subject to monthly grid pricing adjustments based on prior month average daily loan availability. The revolving credit facility matures on September 8, 2013. As of March 31, 2010, we had outstanding letters of credit totaling $20.9 million and borrowing availability of $379.1 million under the revolving credit facility.

In December 2007, the Authority issued $250.0 million of 6 $^{3}/4$% tax-exempt revenue bonds due November 1, 2032 under the Gulf Opportunity Zone Act of 2005. The bonds are non-callable through November 1, 2017. The bonds are subject to redemption and the holders may require the bonds to be repurchased upon a change of control or a change in or loss of the current tax status of the bonds. In connection with the issuance of the bonds, we entered into a loan agreement with the Authority pursuant to which we agreed to pay all of the principal, premium, if any, and interest on the bonds and certain other amounts to the Authority. The proceeds from the bond offering were loaned by the Authority to us. We intend to use the proceeds to expand, refurbish and maintain certain of our facilities in the Louisiana Parishes of Calcasieu and Ascension and to fund interest payments to the holders of our 6 $^{3}/4$% senior notes. To evidence and secure our obligations under the loan agreement, we entered into a second supplemental indenture, by and among us, the subsidiary guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee, and issued $250.0 million aggregate principal amount of our 6 $^{3}/4$% senior notes due 2032 to be held by the trustee pursuant to the terms and provisions of the loan agreement. The 6 $^{3}/4$% senior notes are unsecured and rank equally in right of payment with other existing and future unsecured senior indebtedness. All domestic restricted subsidiaries that guarantee other debt of ours or of another guarantor of the senior notes in excess of $5.0 million are guarantors of the Senior Notes. As of March 31, 2010, we had drawn $160.2 million of bond proceeds. The balance of the proceeds, principal plus current and accrued interest income, remains with a trustee, and is classified on our consolidated balance sheet as a non-current asset, restricted cash, until such time as we either request reimbursement of amounts used to expand, refurbish and maintain our facilities in Calcasieu and Ascension Parishes or instruct the trustee to direct pay interest payable to the holders of our 6 $^{3}/4$% senior notes.

In January 2006, we issued $250.0 million aggregate principal amount of 6 $^{5}/8$% senior notes due 2016. The 6 $^{5}/8$% senior notes are unsecured and were issued with an original issue discount of $0.8 million. There is no sinking fund and no scheduled amortization of the notes prior to maturity. The notes are subject to redemption and the holders may require us to repurchase the notes upon a change of control. All domestic restricted subsidiaries that guarantee other debt of ours or of another guarantor of the senior notes in excess of $5.0 million are guarantors of the notes.

The agreements governing the Senior Notes and the revolving credit facility each contain customary covenants and events of default. Accordingly, these agreements impose significant operating and financial restrictions on us. These restrictions, among other things, provide limitations on incurrence of additional indebtedness, the payment of dividends, certain investments and acquisitions and sales of assets. The most significant of these provisions in the indenture for the Senior Notes restricts us from incurring additional debt, except specified permitted debt (including borrowings under our credit facility), when our fixed charge coverage ratio is below 2.0:1. These limitations are subject to a number of important qualifications and exceptions, including, without limitation, an exception for the payment of our regular quarterly dividend of up to $0.20 per share (currently $0.0575 per share). The Senior Notes indenture does not allow distributions unless, after giving pro forma effect to the distribution, our fixed charge coverage ratio is at least 2.0:1 and such payment, together with the aggregate amount of all other distributions after January 13, 2006, is less than the sum of 50% of our consolidated net income for the period from October 1, 2003 to the end of the most recent quarter for which financial statements have been filed, plus 100% of net cash proceeds received after October 1, 2003 as a contribution to our common equity capital or from the issuance or sale of certain securities, plus several other adjustments. For the twelve months ended March 31, 2010, the fixed charge coverage ratio under the Senior Notes indenture was 7.6:1. The amount allowed under this restriction was $467.7 million at March 31, 2010.

24

Table of Contents

The revolving credit facility also restricts distributions and specified acquisitions unless, after giving effect to such distribution or acquisition payment, our fixed charge coverage ratio is at least 1.0:1, provided that we may also make distributions and specified acquisitions when our fixed charge coverage ratio falls below 1.0:1 but we maintain at least $125 million to $200 million (depending on the amount of the distribution or acquisition payment) of borrowing availability, including cash, under the revolving credit facility. For the twelve months ended March 31, 2010, the fixed charge coverage ratio under the revolving credit facility was 2.8:1. No other agreements require us to maintain specified financial ratios. In addition, the Senior Notes indenture and the revolving credit facility restrict our ability to create liens, to engage in certain affiliate transactions and to engage in sale-leaseback transactions.

In December 1997, we entered into a loan agreement with a public trust established for public purposes for the benefit of the Parish of Calcasieu, Louisiana. The public trust issued $10.9 million principal amount of tax-exempt waste disposal revenue bonds in order to finance our construction of waste disposal facilities for an ethylene plant. The waste disposal revenue bonds expire in December 2027 and are subject to redemption and mandatory tender for purchase prior to maturity under certain conditions. Interest on the waste disposal revenue bonds accrues at a rate determined by a remarketing agent and is payable quarterly. The interest rate on the waste disposal revenue bonds at March 31, 2010 and December 31, 2009 was 0.40% and 0.37%, respectively.

Our ability to make payments on our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future, which is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Based on our current level of operations, we believe our cash flow from operations, available cash and available borrowings under our revolving credit facility will be adequate to meet our normal operating needs for the foreseeable future.

Off-Balance Sheet Arrangements

None.

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides safe harbor provisions for forward-looking information. 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, 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:

- future operating rates, margins, cash flow and demand for our products;
- industry market outlook;
- production capacities;
- our ability to borrow additional funds under our credit facility;
- our ability to meet our liquidity needs;
- our intended quarterly dividends;

- future capacity additions and expansions in the industry;
- timing, funding and results of the planned new chlor-alkali plant in Geismar, Louisiana;
- health of our customer base;
- pension plan funding requirements and investment policies;
- 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 gases emissions or to address other issues of climate change;
- the utilization of net operating loss carryforwards;
- effects of pending legal proceedings; and
- timing of and amount of capital expenditures.

We have based these statements on assumptions and analyses 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

Table of Contents

subject to a number of assumptions, risks and uncertainties, including those described in Risk Factors in Westlake Chemical Corporation s Annual Report on Form 10-K for the fiscal year ended December 31, 2009 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 the global economic slowdown, the credit crisis and political tensions in the Middle East 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 products;
- 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 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 our products and raw materials are commodities whose prices fluctuate as market supply and demand fundamentals change. Accordingly, product margins and the level of our profitability tend to fluctuate with changes in the business cycle. We try to protect against such instability through various business strategies. Our strategies include ethylene product feedstock flexibility and moving downstream into the olefins and vinyls products where pricing is more stable. We use derivative instruments in certain instances to reduce price volatility risk on feedstocks and products. Based on our open derivative positions at March 31, 2010, a hypothetical $0.10 increase in the price of a gallon of ethane would have increased our income before taxes by $3.0 million and a hypothetical $0.10 increase in the price per MMBTU of natural gas would have decreased our income before taxes by $0.2 million. Additional information concerning derivative commodity instruments appears in Notes 8 and 9 to the consolidated financial statements.

Interest Rate Risk

We are exposed to interest rate risk with respect to fixed and variable rate debt. At March 31, 2010, we had variable rate debt of $15.9 million outstanding. All of the debt outstanding under our revolving credit facility (none was outstanding at March 31, 2010) and our loans relating to the Initial Series 2009A Revenue Bonds and to the tax-exempt waste disposal revenue bonds are at variable rates. We do not currently hedge our variable interest rate debt, but we may do so in the future. The average variable interest rate for our variable rate debt of $15.9 million as of March 31, 2010 was 0.38%. A hypothetical 100 basis point increase in the average interest rate on our variable rate debt would increase our annual interest expense by approximately $0.2 million. Also, at March 31, 2010, we had $500.0 million principal amount of fixed rate debt. We are subject to the risk of higher interest cost if and when this debt is refinanced. If interest rates are 1% higher at the time of refinancing, our annual interest expense would increase by approximately $5.0 million.

Table of Contents

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 Senior Vice President, Chief Financial Officer and Treasurer, of the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934 as of the end of the period covered by this report. In the course of this evaluation, management considered certain internal control areas in which we have made and are continuing to make changes to improve and enhance controls. Based upon that evaluation, our President and Chief Executive Officer and our Senior Vice President, Chief Financial Officer and Treasurer 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 March 31, 2010 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

Westlake Chemical Corporation s Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (the 2009 Form 10-K), filed on February 24, 2010, contained a description of various legal proceedings in which we are involved, including environmental proceedings at our facilities in Calvert City, Kentucky. See Note 15 to the consolidated financial statements for a description of certain of those proceedings, which information is incorporated by reference herein.

Item 1A. Risk Factors

For a discussion of risk factors, please read Item 1A, Risk Factors in the 2009 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information on our purchase of equity securities during the quarter ended March 31, 2010:

Period	Total Number of Shares Purchased(1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
January 2010	117	$ 25.17	N/A	N/A
February 2010	14,319	20.42	N/A	N/A
March 2010	2,359	23.06	N/A	N/A
	16,795	$ 20.83	N/A	N/A

(1) The shares purchased during the period covered by this report represent shares withheld by us in satisfaction of withholding taxes due upon the vesting of restricted stock granted to our employees under the 2004 Omnibus Plan.

27

Table of Contents

Item 6. Exhibits

Exhibit No.	
10.1	Form of Long-Term Cash Performance Award Letter effective as of February 26, 2010
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).

28

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		WESTLAKE CHEMICAL CORPORATION
Date: May 5, 2010	By:	/s/ ALBERT CHAO **Albert Chao** **President and Chief Executive Officer** **(Principal Executive Officer)**
Date: May 5, 2010	By:	/s/ M. STEVEN BENDER **M. Steven Bender** **Senior Vice President, Chief Financial Officer & Treasurer** **(Principal Financial Officer)**

29