

GEORGIA GULF CORP /DE/  
Form DEFM14A  
December 06, 2012  
Table of Contents

Index to Financial Statements

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

**SCHEDULE 14A**

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

(Amendment No. 4)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

# GEORGIA GULF CORPORATION

(Name of Registrant as Specified in its charter)

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

Payment of Filing Fee (Check the appropriate box):

- .. No fee required.
- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

␣ Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

**Index to Financial Statements**

**EXPLANATORY NOTE**

This proxy statement relates to the special meeting of stockholders of Georgia Gulf Corporation ( Georgia Gulf ) to approve the issuance of shares of Georgia Gulf s common stock in the merger (the Merger ) of Grizzly Acquisition Sub, Inc., a Delaware corporation ( Merger Sub ), a wholly-owned subsidiary of Georgia Gulf, with and into Eagle Spinco Inc., a Delaware corporation ( Splitco ), a wholly-owned subsidiary of PPG Industries, Inc. ( PPG ), whereby the separate corporate existence of Merger Sub will cease and Splitco will continue as the surviving company and as a wholly-owned subsidiary of Georgia Gulf. Prior to the Merger, PPG will transfer the assets and liabilities related to the PPG Chlor-alkali and Derivatives Business, including certain subsidiaries of PPG, to Splitco or one of its subsidiaries. In exchange therefor, PPG will receive all the issued and outstanding common stock of Splitco, the cash proceeds of approximately \$225.0 million from the Term Facility (as defined below) and the Debt Securities (as defined below) in an aggregate principal amount of approximately \$675.0 million. Splitco is a newly formed, direct wholly-owned subsidiary of PPG that was organized specifically for the purpose of effecting the Separation (as defined below). Splitco has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and those incurred in connection with the Transactions (as defined below). Splitco has filed a registration statement on Form S-4 and Form S-1 (Reg. No. 333-183727) to register the shares of its common stock, par value \$0.001 per share, which will be distributed to PPG s shareholders pursuant to a spin-off or a split-off in the Merger, which shares of Splitco common stock will be immediately converted into shares of Georgia Gulf common stock in the Merger. In addition, Georgia Gulf has filed a registration statement on Form S-4 (Reg. No. 333-183724) to register the shares of its common stock, par value \$0.01 per share, which will be issued in the Merger.

Based on market conditions prior to the closing of the Merger, PPG will determine whether the shares of Splitco common stock will be distributed to PPG s shareholders in a spin-off or a split-off. In a spin-off, all PPG shareholders would receive a pro rata number of shares of Splitco common stock. In a split-off, PPG would offer its shareholders the option to exchange their shares of PPG common stock for shares of Splitco common stock in an exchange offer, which shares would immediately be exchanged for shares of Georgia Gulf common stock in the Merger, resulting in a reduction in PPG s outstanding shares. If the exchange offer is undertaken and consummated but the exchange offer is not fully subscribed because less than all shares of Splitco common stock owned by PPG are exchanged, the remaining shares of Splitco common stock owned by PPG would be distributed on a pro rata basis to PPG shareholders whose shares of PPG common stock remain outstanding after consummation of the exchange offer. Splitco has filed its registration statement under the assumption that the shares of Splitco common stock will be distributed to PPG shareholders pursuant to a split-off. This proxy statement and Georgia Gulf s registration statement on Form S-4 also assume that the shares of Splitco common stock will be distributed to PPG shareholders pursuant to a split-off. If PPG elects to distribute the shares of Splitco common stock to PPG shareholders pursuant to a spin-off, this proxy statement, Splitco s registration statement on Form S-4 and S-1 and Georgia Gulf s registration statement on Form S-4 will be amended to reflect that decision, if necessary.

Table of Contents

Index to Financial Statements

December 6, 2012

**MERGER PROPOSED YOUR VOTE IS IMPORTANT**

You are cordially invited to attend the special meeting of stockholders of Georgia Gulf Corporation ( Georgia Gulf ) at 1:00 p.m. local time, on January 10, 2013, in the Conference Center at the South Terraces, 115 Perimeter Center Place, Atlanta, Georgia 30346. A notice of the special meeting and the proxy statement follow.

At the special meeting, you will be asked to approve a proposal to issue shares of Georgia Gulf common stock in connection with the combination of the chlor-alkali and derivatives business of PPG Industries, Inc. ( PPG ) with the business of Georgia Gulf through the merger (the Merger ) of Grizzly Acquisition Sub, Inc., a Delaware corporation ( Merger Sub ), a wholly-owned subsidiary of Georgia Gulf, with and into Eagle Spinco Inc., a Delaware corporation ( Splitco ), a wholly-owned subsidiary of PPG, whereby the separate corporate existence of Merger Sub will cease and Splitco will continue as the surviving company and as a wholly-owned subsidiary of Georgia Gulf. **If the proposal to approve the issuance of shares of Georgia Gulf common stock in the Merger is not approved, the Merger cannot be completed.**

You will also be asked to approve (1) an amendment to Georgia Gulf's Restated Certificate of Incorporation (the Articles ) to increase the number of authorized shares of Georgia Gulf common stock thereunder (the Articles Amendment ), (2) the First Amendment to the Georgia Gulf 2011 Equity and Performance Incentive Plan (the Plan ) to increase the authorized number of shares of Georgia Gulf common stock reserved for issuance thereunder, to permit the grant of stock-based awards in substitution for or conversion of stock-based awards held by employees who will become employees of Georgia Gulf in connection with a merger or other corporate transaction (with the shares of Georgia Gulf common stock delivered under the substituted or converted award not counting against the share limits under the Plan), and to limit the amount of stock-based awards which a non-employee director may be granted under the Plan during any calendar year (collectively, the Plan Amendment ), and (3) adjournments or postponements of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the issuance of shares of Georgia Gulf common stock in the Merger.

As more fully described in the accompanying proxy statement, in order to complete the Merger and the related transactions, PPG will separate and transfer substantially all of the assets and liabilities of its chlor-alkali and derivatives business to Splitco. In connection with this separation, Splitco will incur new indebtedness in the form of a term loan in the amount of approximately \$225.0 million, the proceeds of which will be distributed to PPG, and will issue senior notes in the amount of approximately \$675.0 million to PPG. PPG will then offer to PPG shareholders the right to exchange all or a portion of their shares of PPG common stock for shares of Splitco common stock at a discount to the per-share value of Georgia Gulf common stock in an exchange offer. If the exchange offer is consummated but is not fully subscribed, PPG will distribute the remaining shares of Splitco common stock on a pro rata basis to PPG shareholders whose shares of PPG common stock remain outstanding after consummation of the exchange offer.

Immediately after this distribution, the Merger and related transactions will be completed, and each share of Splitco common stock will be converted into the right to receive Georgia Gulf common stock based on the exchange ratio set forth in the Merger Agreement. The exchange ratio in the Merger is equal to the greater of (a) 35,200,000 shares or (b) the product of (1) the number of shares of Georgia Gulf common stock issued and outstanding immediately prior to the effective time of the Merger multiplied by (2) 1.02020202, divided by the number of shares of Splitco common stock issued and outstanding immediately prior to the effective time of the Merger. Pursuant to an amendment to the Merger Agreement, Splitco will authorize the issuance of a number of shares of Splitco common stock such that the total number of shares of Splitco common stock outstanding

**Table of Contents**

**Index to Financial Statements**

immediately prior to the effective time of the Merger will be that number that results in the exchange ratio in the Merger equaling one. As a result, each share of Splitco common stock (except shares of Splitco common stock held by Splitco as treasury stock) will be converted into one share of Georgia Gulf common stock in the Merger. Georgia Gulf expects to issue approximately 35,236,010 million shares of Georgia Gulf common stock in the Merger, although the exact number of shares to be issued in the Merger will not be known until the closing date.

After consummation of the Merger, the chlor-alkali and derivatives business of PPG will be owned by Splitco, which will be a wholly-owned subsidiary of Georgia Gulf. Splitco will be the obligor under the term loan and senior notes, which will be guaranteed by Georgia Gulf and certain of its subsidiaries. Further, immediately after the consummation of the Merger, 50.5% of Georgia Gulf common stock is expected to be held by pre-Merger holders of Splitco common stock and 49.5% of Georgia Gulf common stock is expected to be held by pre-Merger Georgia Gulf stockholders, subject to potential adjustment under limited circumstances as described in the section of this document entitled "The Merger Agreement Merger Consideration." After the Merger, Georgia Gulf common stock issued will continue to be listed on the New York Stock Exchange under Georgia Gulf's current symbol, GGC.

Your board of directors believes that the Merger and the addition of the chlor-alkali and derivatives business of PPG should create value for Georgia Gulf stockholders by creating an integrated chemicals and building products leader with increased scale, enhancing Georgia Gulf's integration as a result of significant U.S. natural gas driven chlor-alkali production and providing Georgia Gulf with significant cost synergies and a strong capital structure. **As a result, your board of directors recommends that you vote FOR the proposal to issue shares of Georgia Gulf common stock in the Merger, FOR the proposal to approve the Articles Amendment, FOR the proposal to approve the Plan Amendment, and, if necessary or appropriate, FOR the proposal to approve adjournments or postponements of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the issuance of shares of Georgia Gulf common stock in the Merger.**

All Georgia Gulf stockholders are cordially invited to attend the special meeting, although only those stockholders of record at the close of business on November 26, 2012 are entitled to notice of the special meeting and to vote at the special meeting and any adjournments or postponements of the special meeting.

*Your vote is very important.* Please vote by completing, signing and dating the enclosed proxy card for the special meeting and mailing the proxy card to us, whether or not you plan to attend the special meeting. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote **FOR** each of the proposals presented at the special meeting. In addition, you may vote by proxy by calling the toll-free telephone number or by using the Internet as described in the instructions included with the enclosed proxy card. If you do not return your card, vote by telephone or by using the Internet, or if you do not specifically instruct your bank, broker or other nominee how to vote any shares held for you in street name, your shares will not be voted at the special meeting.

This document is a proxy statement of Georgia Gulf for its use in soliciting proxies for the special meeting. This document answers questions about the proposed merger, the related transactions and the special meeting, and includes a summary description of the merger and the related transactions. We urge you to review this entire document carefully. **In particular, you should consider the matters discussed under Risk Factors beginning on page 30.**

We thank you for your consideration and continued support.

Sincerely,

Paul D. Carrico

*President and Chief Executive Officer*

This document is dated December 6, 2012 and is first being mailed to Georgia Gulf's stockholders on or about December 7, 2012.

Table of Contents

Index to Financial Statements

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

To the Stockholders:

A special meeting of stockholders (the special meeting) of Georgia Gulf Corporation (Georgia Gulf) will be held at 1:00 p.m. local time, on January 10, 2013, in the Conference Center at the South Terraces, 115 Perimeter Center Place, Atlanta, Georgia 30346. The special meeting will be held for the following purposes:

1. to approve the issuance of shares of Georgia Gulf common stock in the Merger;
2. subject to the approval of the first proposal, to approve the Articles Amendment to increase the number of authorized shares of Georgia Gulf common stock;
3. subject to the approval of the first proposal, to approve the Plan Amendment;
4. to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the issuance of shares of Georgia Gulf common stock in the Merger; and
5. to transact any other business that may properly come before the special meeting or any adjourned or postponed session of the special meeting.

**Georgia Gulf's board of directors has approved the Merger, the Transactions, the Merger Agreement, the Separation Agreement and the Additional Agreements (each as defined in this proxy statement), and determined that the Merger and the issuance of Georgia Gulf common stock in the Merger are advisable and in the best interests of Georgia Gulf and its stockholders. Georgia Gulf's board of directors recommends that stockholders vote FOR the proposal to issue shares of Georgia Gulf common stock in the Merger, FOR the proposal to approve the Articles Amendment, FOR the proposal to approve the Plan Amendment, and, if necessary or appropriate, FOR the proposal to approve adjournments or postponements of the special meeting for the purpose of soliciting additional proxies, if necessary or appropriate. If the proposal to approve the issuance of shares of Georgia Gulf common stock in the Merger is not approved, the Merger cannot be completed.**

All Georgia Gulf stockholders are cordially invited to attend the special meeting, although only those stockholders of record at the close of business on November 26, 2012 are entitled to notice of the special meeting and to vote at the special meeting and any adjournments or postponements of the special meeting.

**WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING IN PERSON, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE OR VOTE YOUR SHARES OF GEORGIA GULF COMMON STOCK BY CALLING THE TOLL-FREE TELEPHONE NUMBER OR BY USING THE INTERNET AS DESCRIBED IN THE INSTRUCTIONS INCLUDED WITH YOUR PROXY CARD AT YOUR EARLIEST CONVENIENCE.**

By Order of the Board of Directors,

Timothy Mann, Jr.



*Executive Vice President, General Counsel and Secretary*

**Please vote your shares promptly. You can find instructions for voting on the enclosed proxy card.**

December 6, 2012

**Table of Contents**

**Index to Financial Statements**

**TABLE OF CONTENTS**

<u>References To Additional Information</u>	1
<u>Helpful Information</u>	2
<u>Questions and Answers About the Transactions and the Special Meeting</u>	5
<u>Summary</u>	16
<u>The Companies</u>	16
<u>The Transactions</u>	17
<u>Summary Historical and Pro Forma Financial Data</u>	22
<u>Summary Historical Combined Financial Data of the PPG Chlor-alkali and Derivatives Business</u>	22
<u>Summary Historical Consolidated Financial Data of Georgia Gulf</u>	24
<u>Summary Unaudited Pro Forma Condensed Combined Financial Information of Georgia Gulf and the PPG Chlor-alkali and Derivatives Business</u>	26
<u>Summary Comparative Historical and Pro Forma Per Share Data</u>	28
<u>Historical Common Stock Market Price Data</u>	29
<u>Georgia Gulf Dividend Policy</u>	29
<u>Risk Factors</u>	30
<u>Risks Related to the Transactions</u>	30
<u>Other Risks that Relate to Georgia Gulf, Including the PPG Chlor-alkali and Derivatives Business After the Transactions</u>	36
<u>Cautionary Statement on Forward-Looking Statements</u>	49
<u>Information About the Special Meeting</u>	50
<u>General; Date; Time and Place; Purposes of the Meeting</u>	50
<u>Record Date; Quorum; Voting Information; Required Votes</u>	50
<u>Recommendation of Board of Directors</u>	51
<u>How to Vote</u>	52
<u>Solicitation of Proxies</u>	53
<u>Revocation of Proxies</u>	53
<u>Adjournments and Postponements</u>	53
<u>Attending the Special Meeting</u>	54
<u>Householding</u>	54
<u>Questions and Additional Information</u>	54
<u>Information on PPG's Offer to Exchange</u>	55
<u>Information on Georgia Gulf</u>	56
<u>Overview</u>	56
<u>Georgia Gulf's Business After the Transactions</u>	56
<u>Georgia Gulf's Liquidity and Capital Resources After the Transactions</u>	57
<u>Directors and Officers of Georgia Gulf Before and After the Transactions</u>	59
<u>Information on the PPG Chlor-alkali and Derivatives Business</u>	62
<u>General</u>	62
<u>Products</u>	62
<u>Manufacturing and Facilities</u>	63
<u>Sales and Distribution</u>	64
<u>Raw Materials and Energy</u>	64
<u>Research and Development</u>	64
<u>Seasonality</u>	65
<u>Competition</u>	65



**Table of Contents****Index to Financial Statements**

<u>Regulation and Environmental Matters</u>	65
<u>Legal Proceedings</u>	67
<u>Employees</u>	68
<u>Board of Directors</u>	68
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations for the PPG Chlor-alkali and Derivatives Business</u>	69
<u>Overview</u>	69
<u>Separation of the PPG Chlor-alkali and Derivatives Business from PPG Industries, Inc.</u>	69
<u>Results of Operations</u>	70
<u>Performance in 2011 Compared with 2010</u>	71
<u>Performance in 2010 Compared with 2009</u>	73
<u>Liquidity and Capital Resources</u>	74
<u>Off-Balance Sheet Arrangements</u>	74
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	75
<u>Contractual Obligations</u>	75
<u>Critical Accounting Estimates</u>	76
<u>Selected Historical and Pro Forma Financial Data</u>	78
<u>Selected Historical Combined Financial Data of the PPG Chlor-alkali and Derivatives Business</u>	78
<u>Selected Historical Consolidated Financial Data of Georgia Gulf</u>	79
<u>Retroactive Presentation for Change in Accounting Principles</u>	82
<u>Unaudited Pro Forma Condensed Combined Financial Statements of Georgia Gulf and the PPG Chlor-alkali and Derivatives Business</u>	82
<u>Comparative Historical and Pro Forma Per Share Data</u>	93
<u>Historical Common Stock Market Price Data</u>	94
<u>Georgia Gulf Dividend Policy</u>	94
<u>The Transactions</u>	95
<u>Determination of Number of Shares of Splitco Common Stock to be Distributed to PPG Shareholders</u>	99
<u>Background of the Transactions</u>	99
<u>Georgia Gulf's Reasons for the Transactions</u>	106
<u>Opinions of Georgia Gulf's Financial Advisors</u>	109
<u>PPG's Reasons for the Transactions</u>	124
<u>Interests of Certain Persons in the Transactions</u>	125
<u>Material U.S. Federal Income Tax Consequences of the Distribution and the Merger</u>	125
<u>Accounting Treatment of the Merger</u>	127
<u>Regulatory Approvals</u>	128
<u>Federal Securities Law Consequences; Resale Restrictions</u>	128
<u>No Appraisal or Dissenters' Rights</u>	128
<u>The Merger Agreement</u>	129
<u>The Merger</u>	129
<u>Closing; Effective Time</u>	129
<u>Merger Consideration</u>	130
<u>Issuance of Splitco Common Stock to PPG</u>	131
<u>Distribution of Per Share Merger Consideration</u>	131
<u>Treatment of PPG Equity Awards</u>	132
<u>Distribution With Respect to Shares of Georgia Gulf Common Stock After the Effective Time of the Merger</u>	132
<u>Termination of the Distribution Fund</u>	133
<u>Post-Closing Georgia Gulf Board of Directors and Officers</u>	133
<u>Stockholders Meeting</u>	133

**Table of Contents****Index to Financial Statements**

<u>Representations and Warranties</u>	133
<u>Conduct of Business Pending Closing</u>	136
<u>Tax Matters</u>	140
<u>SEC Filings</u>	140
<u>Regulatory Matters</u>	141
<u>No Solicitation</u>	142
<u>Board Recommendation</u>	143
<u>Financing</u>	144
<u>Covenant Not to Compete</u>	147
<u>Non-Solicitation of Employees</u>	147
<u>Certain Other Covenants and Agreements</u>	148
<u>Conditions to the Merger</u>	149
<u>Termination</u>	150
<u>Termination Fee Payable in Certain Circumstances</u>	151
<u>Expenses</u>	152
<u>Specific Performance</u>	152
<u>Other Transaction Agreements</u>	152
<u>Amendments</u>	152
<u>The Separation Agreement</u>	153
<u>Overview</u>	153
<u>Issuance of Splitco Common Stock to PPG Shareholders</u>	153
<u>Transfer of the Assets and Assumption of Liabilities</u>	154
<u>Transfer of the PPG Chlor-alkali and Derivatives Business</u>	158
<u>Intercompany Arrangements and Guarantee</u>	159
<u>Consents and Delayed Transfers</u>	159
<u>Shared Contracts</u>	160
<u>Transfer of the TCI Interests</u>	160
<u>No Representations or Warranties</u>	160
<u>Mutual Releases and Indemnification</u>	161
<u>Post-Closing Working Capital Adjustment</u>	162
<u>Covenants</u>	162
<u>Conditions to the Separation and Distribution</u>	163
<u>Termination</u>	164
<u>Parties in Interest</u>	164
<u>Debt Financing</u>	165
<u>Senior Secured Term Loan Facility</u>	165
<u>Splitco Debt Securities</u>	167
<u>PPG Bridge Facility</u>	167
<u>Debt Exchange</u>	168
<u>Exchange Loans and Exchange Notes</u>	169
<u>New ABL Revolver</u>	169
<u>Other Agreements</u>	170
<u>Employee Matters Agreement</u>	170
<u>Tax Matters Agreement</u>	172
<u>Transition Services Agreement</u>	173
<u>Shared Facilities, Services and Supply Agreement</u>	174
<u>Servitude Agreement</u>	174
<u>The Electric Generation, Distribution and Transmission Facilities Lease</u>	174
<u>Chlorine, Liquid Caustic Soda and Hydrochloric Acid Sales Agreements</u>	175
<u>Monroeville Shared Facilities Agreement</u>	175

**Table of Contents**

**Index to Financial Statements**

<u>Master Terminal Agreement</u>	175
<u>Chlorine Sales Agreement Amendment</u>	176
<u>Description of Georgia Gulf Capital Stock</u>	177
<u>Common Stock</u>	177
<u>Preferred Stock</u>	178
<u>Certain Anti-Takeover Effects of Provisions of the Articles and the Bylaws</u>	178
<u>Listing</u>	179
<u>Transfer Agent</u>	179
<u>Ownership of Georgia Gulf Common Stock</u>	180
<u>Proposal No. 1 Proposal To Approve the Issuance of Shares of Georgia Gulf Common Stock in the Merger</u>	182
<u>Required Vote</u>	182
<u>Proposal No. 2 Proposal to Approve the Amendment of the Articles to Increase the Number of Authorized Shares of Georgia Gulf Common Stock</u>	183
<u>General</u>	183
<u>Overview</u>	183
<u>Background and Purpose of the Proposed Articles Amendment</u>	184
<u>Effects of the Proposed Articles Amendment</u>	184
<u>Possible Anti-Takeover Effects of the Articles Amendment</u>	185
<u>No Appraisal Rights</u>	185
<u>Required Vote</u>	185
<u>Recommendation of the Georgia Gulf Board of Directors</u>	185
<u>Proposal No. 3 Proposal to Approve the First Amendment to the Georgia Gulf Corporation 2011 Equity and Performance Incentive Plan</u>	186
<u>General</u>	186
<u>Effects of the Plan Amendment</u>	187
<u>Plan Highlights</u>	187
<u>Summary of the Plan</u>	190
<u>Federal Income Tax Consequences</u>	197
<u>Registration with the SEC</u>	198
<u>Securities Authorized for Issuance Under Equity Compensation Plans</u>	198
<u>New Plan Benefits</u>	199
<u>Aggregate Past Grants Under the Plan</u>	199
<u>Required Vote</u>	199
<u>Recommendation of the Georgia Gulf Board of Directors</u>	199
<u>Proposal No. 4 Proposal To Approve the Adjournment or Postponement of the Special Meeting, if Necessary or Appropriate</u>	200
<u>Required Vote</u>	200
<u>Stockholder Proposals For 2013 Annual Meeting</u>	201
<u>Where You Can Find More Information: Incorporation by Reference</u>	202
<u>Index to Financial Statements of the PPG Chlor-alkali and Derivatives Business</u>	F-1

**Table of Contents**

**Index to Financial Statements**

Annexes

<u>The Merger Agreement</u>	A
<u>The Separation Agreement</u>	B
<u>The Employee Matters Agreement</u>	C
<u>The Form of the Tax Matters Agreement</u>	D
<u>Opinion of Barclays Capital Inc.</u>	E
<u>Opinion of Houlihan Lokey Financial Advisors, Inc.</u>	G
<u>Form of Certificate of Amendment to Georgia Gulf Restated Certificate of Incorporation</u>	H
<u>First Amendment to the Georgia Gulf Corporation 2011 Equity and Performance Incentive Plan</u>	I
<u>Proxy Card</u>	

**Table of Contents**

**Index to Financial Statements**

**REFERENCES TO ADDITIONAL INFORMATION**

This document incorporates important business and financial information about Georgia Gulf from documents filed with the SEC that have not been included or delivered with this document. This information is available to Georgia Gulf stockholders without charge by accessing the SEC's website maintained at [www.sec.gov](http://www.sec.gov), or upon written or oral request to Georgia Gulf Corporation, 115 Perimeter Center Place, Suite 460, Atlanta, Georgia 30346, Attention: Investor Relations, telephone: (770) 395-4500. See "Where You Can Find More Information; Incorporation by Reference."

All information contained or incorporated by reference in this document with respect to Georgia Gulf and Merger Sub and their respective subsidiaries, as well as information on Georgia Gulf after the consummation of the Transactions, has been provided by Georgia Gulf. All other information contained or incorporated by reference in this document with respect to PPG, Splitco or their respective subsidiaries, or the PPG Chlor-alkali and Derivatives Business and with respect to the terms and conditions of PPG's exchange offer has been provided by PPG. This document contains or incorporates by reference references to trademarks, trade names and service marks, including tri-ethane<sup>®</sup>, VersaTrans<sup>®</sup> and Accu-Tab<sup>®</sup>, that are owned by PPG and its related entities. Transitions<sup>®</sup> is a registered trademark of Transitions Optical, Inc.

The information included in this document regarding PPG's exchange offer is being provided for informational purposes only and does not purport to be complete. For additional information on PPG's exchange offer and the terms and conditions of PPG's exchange offer, Georgia Gulf's stockholders are urged to read Splitco's registration statement on Form S-4 and Form S-1 (Reg. No. 333-183727), Georgia Gulf's registration statement on Form S-4 (Reg. No. 333-183724), when each is available, and all other documents Splitco or Georgia Gulf file with the SEC relating to the Merger. This document constitutes only a proxy statement for Georgia Gulf stockholders relating to the special meeting and is not an offer to sell or a solicitation of an offer to purchase shares of Georgia Gulf common stock, PPG common stock or Splitco common stock.



**Table of Contents**

**Index to Financial Statements**

**HELPFUL INFORMATION**

In this document:

**Additional Agreements** means the Employee Matters Agreement, the Tax Matters Agreement, the Shared Facilities, Services and Supply Agreement, the Transition Services Agreement, the Servitude Agreement, the Electric Generation, Distribution and Transmission Facilities Lease, and the Chlorine, Liquid Caustic Soda and Hydrochloric Acid Sales Agreements;

**ASC** means the Financial Accounting Standards Board Accounting Standards Codification;

**Chlorine, Liquid Caustic Soda and Hydrochloric Acid Sales Agreements** means those certain agreements to be entered into at the date of the Separation between PPG and Georgia Gulf;

**Chlorine Sales Agreement Amendment** means the Amendment, dated as of July 18, 2012, to the Chlorine Sales Contract, dated as of January 1, 1985, as amended, between PPG and a subsidiary of Georgia Gulf;

**Code** means the Internal Revenue Code of 1986, as amended;

**Debt Exchange** means the transfer of the Debt Securities by PPG on or about the closing date of the Merger to investment banks and/or commercial banks in satisfaction of the debt obligations of PPG described in the section of this document entitled **Debt Financing PPG Bridge Facility** ;

**Debt Securities** means the \$675.0 million in senior notes, subject to increase or decrease by PPG, as described in the section of this document entitled **Debt Financing PPG Bridge Facility**, that Splitco will issue to PPG, that PPG thereafter expects to exchange for debt obligations of PPG in the Debt Exchange, and that will be the debt obligations of Splitco, guaranteed by Georgia Gulf and certain of its subsidiaries, following consummation of the Transactions;

**Distribution** means the distribution by PPG of its shares of Splitco common stock to the holders of shares of PPG common stock by way of an exchange offer and, with respect to any shares of Splitco common stock that are not subscribed for in the exchange offer, a pro rata distribution to the holders of shares of PPG common stock;

**Distribution Tax Opinion** means an opinion from Wachtell, Lipton, Rosen & Katz, tax counsel to PPG, substantially to the effect that (i) the Distribution will be treated as satisfying the business purpose requirement described in Treasury Regulation § 1.355-2(b)(1), (ii) the Distribution will not be treated as being used principally as a device for the distribution of earnings and profits of PPG or Splitco or both under Section 355(a)(1)(B) of the Code, (iii) the stock of Splitco distributed in the Distribution will not be treated as other qualified property by reason of the application of Section 355(e)(1) of the Code; and (iv) the Splitco securities will constitute securities for purposes of the application of Section 361(a) of the Code;

**The Electric Generation, Distribution and Transmission Facilities Lease** means the Generation, Distribution and Transmission Facilities Lease to be entered into at the date of the Separation between PPG and Splitco;

Employee Matters Agreement means the Employee Matters Agreement, dated as of July 18, 2012, by and among Georgia Gulf, PPG and Splitco;

Exchange Act means the Securities Exchange Act of 1934, as amended;

Exchange Loans means the unsecured loans to be issued by Splitco at the closing of the Merger if certain conditions are satisfied and the debt obligations of PPG described in the section of this document entitled Debt Financing PPG Bridge Facility have not been repaid in full prior to the closing of the Merger;

Exchange Notes means unsecured senior exchange notes of Splitco (1) for which the Exchange Loans (if any) may be exchanged in whole or in part at any time after the first anniversary of the date

**Table of Contents**

**Index to Financial Statements**

the Exchange Loans (if any) are first exchanged for the debt obligations of PPG described in the section of this document entitled Debt Financing PPG Bridge Facility or (2) which may be issued at the closing of the Merger upon the demand of certain financial institutions if certain conditions are satisfied and the debt obligations of PPG described in the section of this document entitled Debt Financing PPG Bridge Facility have not been repaid in full prior to the closing of the Merger;

GAAP means generally accepted accounting principles in the United States;

Georgia Gulf means Georgia Gulf Corporation, a Delaware corporation, and, unless the context otherwise requires, its subsidiaries;

Georgia Gulf common stock means the common stock, par value \$0.01 per share, of Georgia Gulf;

Georgia Gulf Group means Georgia Gulf and each of its consolidated subsidiaries including, after consummation of the Merger, Splitco;

Group means the Georgia Gulf Group, PPG Group, or Splitco Group, as the case may be.

Master Terminal Agreement means the Master Terminal Agreement to be entered into at the date of the Separation between PPG and Splitco;

Merger means the combination of Georgia Gulf's business and the PPG Chlor-alkali and Derivatives Business through the merger of Merger Sub with and into Splitco, whereby the separate corporate existence of Merger Sub will cease and Splitco will continue as the surviving company and as a wholly-owned subsidiary of Georgia Gulf, as contemplated by the Merger Agreement;

Merger Agreement means the Agreement and Plan of Merger, dated as of July 18, 2012, by and among PPG, Splitco, Georgia Gulf and Merger Sub, as amended by Amendment No. 1 to the Merger Agreement, dated as of August 31, 2012 (for the avoidance of doubt, references to the Merger Agreement made with respect to the opinions of Georgia Gulf's financial advisors excludes Amendment No. 1);

Merger Sub means Grizzly Acquisition Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Georgia Gulf, and, unless the context otherwise requires, its subsidiaries;

Monroeville Shared Facilities Agreement means the Monroeville Shared Facilities Agreement to be entered into at the date of the Separation, between PPG and Splitco;

NYSE means the New York Stock Exchange;

PPG means PPG Industries, Inc., a Pennsylvania corporation, and, unless the context otherwise requires, its subsidiaries, other than Splitco and any of its subsidiaries;

## Edgar Filing: GEORGIA GULF CORP /DE/ - Form DEFM14A

PPG Chlor-alkali and Derivatives Business means substantially all of the assets and liabilities of the business of PPG relating to the production of chlorine, caustic soda and related chemicals as further described in the section of this document entitled Information on the PPG Chlor-alkali and Derivatives Business and to be transferred to Splitco pursuant to the terms and conditions contained in the Separation Agreement;

PPG common stock means the common stock, par value \$1.66 2/3 per share, of PPG;

PPG Group means PPG and each of its consolidated subsidiaries which, after consummation of the Merger, will not include the PPG Chlor-alkali and Derivatives Business;

PPG shareholders means the holders of PPG common stock;

SEC means the United States Securities and Exchange Commission;

Securities Act means the Securities Act of 1933, as amended;

Separation means the transfer by PPG of the assets and liabilities related to the PPG Chlor-alkali and Derivatives Business, including certain subsidiaries of PPG, to Splitco;

**Table of Contents**

**Index to Financial Statements**

Separation Agreement means the Separation Agreement, dated as of July 18, 2012, between PPG and Splitco;

Servitude Agreement means the Servitude Agreement to be entered into at the date of the Separation between PPG and Splitco;

Shared Facilities, Services and Supply Agreement means the Shared Facilities, Services and Supply Agreement to be entered into at the date of the Separation between PPG and Splitco;

Special Distribution means the distribution to be made in connection with the Transactions by Splitco to PPG consisting of (1) approximately \$225.0 million in cash, subject to increase or decrease by PPG, as described in the section of this document entitled Debt Financing PPG Bridge Facility, and (2) the Debt Securities in an amount that would satisfy the debt obligations of PPG described in the section of this document entitled Debt Financing PPG Bridge Facility ;

Splitco means Eagle Spinco, Inc., a Delaware corporation, and, prior to the Merger, a wholly-owned subsidiary of PPG, and, unless the context otherwise requires, its subsidiaries;

Splitco Group means Splitco and each of its consolidated subsidiaries (including, after consummation of the Merger, Georgia Gulf and each of its subsidiaries);

Tax Matters Agreement means the Tax Matters Agreement to be entered into at the date of the Separation by and among Georgia Gulf, PPG and Splitco;

TCI means Taiwan Chlorine Industries, Ltd., a joint venture between PPG and China Petrochemical Development Corporation. For more information about the transfer of PPG's interest in TCI to Splitco, see The Merger Agreement Financing ;

TCI Interests means the shares of TCI owned by PPG as of the date of the Merger Agreement, which represent a 60 percent interest in TCI;

Term Facility means \$225.0 million in new bank debt, subject to increase or decrease by PPG, as described in the section of this document entitled Debt Financing PPG Bridge Facility, to be incurred by Splitco under a senior secured term loan facility, which debt will be obligations of Splitco and, upon consummation of the Transactions, guaranteed by Georgia Gulf and certain of its subsidiaries;

Transactions means the transactions contemplated by the Merger Agreement and the Separation Agreement, which provide for, among other things, the Separation, the Term Facility, the Debt Securities, the Debt Exchange, the Distribution and the Merger, as described in the section of this document entitled The Transactions ;

Transition Services Agreement means the Transition Services Agreement to be entered into at the date of the Separation between PPG and Splitco; and



---

**Table of Contents**

**Index to Financial Statements**

**QUESTIONS AND ANSWERS ABOUT THE TRANSACTIONS AND THE SPECIAL MEETING**

The following are some of the questions that Georgia Gulf stockholders may have, and answers to those questions. These questions and answers, as well as the following summary, are not meant to be a substitute for the information contained in the remainder of this document, and this information is qualified in its entirety by the more detailed descriptions and explanations contained elsewhere in this document. Georgia Gulf urges its stockholders to read this document in its entirety prior to making any decision.

**Q: Why am I receiving this document?**

A: Georgia Gulf and PPG have entered into the Merger Agreement pursuant to which the PPG Chlor-alkali and Derivatives Business will combine with Georgia Gulf's business. Georgia Gulf is holding a special meeting of its stockholders in order to obtain stockholder approval of the issuance of shares of Georgia Gulf common stock in the Merger. Georgia Gulf cannot complete the Merger unless the proposal relating to the issuance of Georgia Gulf common stock in the Merger is approved by the affirmative vote of a majority of the shares of Georgia Gulf common stock represented and voting at the special meeting, either in person or by proxy (provided that the total votes cast on the proposal represent over 50% in interest of all shares entitled to vote on the proposal).

This document includes important information about the Transactions and the special meeting of the stockholders of Georgia Gulf. Georgia Gulf stockholders should read this information carefully and in its entirety. A copy of the Merger Agreement is attached as Annex A to this document. The enclosed voting materials allow Georgia Gulf stockholders to vote their shares without attending the Georgia Gulf special meeting. **The vote of Georgia Gulf stockholders is very important and Georgia Gulf encourages its stockholders to vote their proxy as soon as possible. Please follow the instructions set forth on the enclosed proxy card (or on the voting instruction form provided by the record holder if shares of Georgia Gulf stock are held in the name of a bank, broker or other nominee).**

**Q: What is Georgia Gulf proposing?**

A: Georgia Gulf is proposing to combine the PPG Chlor-alkali and Derivatives Business with Georgia Gulf's business. The Merger will be effected through a series of Transactions that are described in more detail below and elsewhere in this document. At the consummation of these Transactions:

the PPG Chlor-alkali and Derivatives Business will be owned by Splitco, which will be a wholly-owned subsidiary of Georgia Gulf;

Splitco will have incurred approximately \$900.0 million of new debt (in addition to any existing indebtedness of Splitco), which will consist of (1) the Term Facility in the amount of approximately \$225.0 million, the cash proceeds of which will be distributed by Splitco to PPG in connection with the Separation and prior to the consummation of the Merger, and (2) approximately \$675.0 million of Debt Securities which are expected to be issued by Splitco to PPG prior to the Distribution, and then expected to be transferred by PPG on or about the closing date of the Merger to investment banks and/or commercial banks in satisfaction of debt obligations of PPG in the Debt Exchange, each of which will be guaranteed by Georgia Gulf and certain of its subsidiaries following the consummation of the Transactions; and

50.5% of Georgia Gulf common stock is expected to be held by pre-Merger holders of Splitco common stock and 49.5% of Georgia Gulf common stock is expected to be held by pre-Merger Georgia Gulf stockholders, subject to potential adjustment under limited circumstances as described in the section of this document entitled "The Merger Agreement Merger Consideration."

Edgar Filing: GEORGIA GULF CORP /DE/ - Form DEFM14A

Georgia Gulf expects to issue approximately 35,236,010 shares of Georgia Gulf common stock in the Merger, although the exact number of shares to be issued in the Merger will not be known until the closing date. Based upon the reported closing sale price of \$45.65 per share for Georgia Gulf common stock on the NYSE on November 26, 2012 and the 34,538,268 shares of Georgia Gulf common stock issued and



---

**Table of Contents**

**Index to Financial Statements**

outstanding on November 26, 2012, the total value of the shares expected to be issued by Georgia Gulf and the amount of cash received by PPG in the Transactions, including the Term Facility and the Debt Securities, which will be the obligations of Splitco and, following the consummation of the Merger, will be guaranteed by Georgia Gulf, would have been approximately \$2,508.5 million. The value of the consideration to be paid by Georgia Gulf in the Merger will be computed using the value of Georgia Gulf common stock on the closing date, and therefore, the actual purchase price will fluctuate with the market price of Georgia Gulf common stock until the Merger is consummated.

**Q: What are the key steps of the Transactions?**

A: Below is a summary of the key steps of the Transactions. A step-by-step description of material events relating to the Transactions is set forth under The Transactions.

PPG will transfer to Splitco the PPG Chlor-alkali and Derivatives Business.

Prior to the Distribution, Splitco will incur new indebtedness in the form of the Term Facility in the amount of approximately \$225.0 million and issue approximately \$675.0 million in aggregate principal amount of Debt Securities to PPG. PPG will ultimately receive the cash proceeds from the approximately \$225.0 million term loan under the Term Facility through a distribution in connection with the Separation and prior to the consummation of the Merger. PPG is then expected to transfer the Debt Securities on or about the closing date of the Merger to investment banks and/or commercial banks in satisfaction of the debt obligations of PPG described in the section of this document entitled Debt Financing PPG Bridge Facility. The Debt Securities are subsequently expected to be sold by the investment banks and/or commercial banks to third-party investors as described below. PPG is expected to receive approximately \$900.0 million in cash from the Term Facility and Debt Securities.

PPG will offer to PPG shareholders the right to exchange all or a portion of their shares of PPG common stock for shares of Splitco common stock at a discount to the per-share value of Georgia Gulf common stock in an exchange offer. If the exchange offer is consummated but is not fully subscribed, PPG will distribute the remaining shares of Splitco common stock on a pro rata basis to PPG shareholders whose shares of PPG common stock remain outstanding after consummation of the exchange offer. Any PPG shareholder who validly tenders (and does not properly withdraw) shares of PPG common stock for shares of Splitco common stock in the exchange offer will waive their rights with respect to such shares to receive, and forfeit any rights to, shares of Splitco common stock distributed on a pro rata basis to PPG shareholders in the event the exchange offer is not fully subscribed. If there is a pro rata distribution, the exchange agent will calculate the exact number of shares of Splitco common stock not exchanged in the exchange offer and to be distributed on a pro rata basis, and the number of shares of Georgia Gulf common stock into which the remaining shares of Splitco common stock will be converted in the Merger will be transferred to PPG shareholders (after giving effect to the consummation of the exchange offer) as promptly as practicable thereafter.

Immediately after the Distribution, and on the closing date of the Merger, Merger Sub will merge with and into Splitco, whereby the separate corporate existence of Merger Sub will cease and Splitco will continue as the surviving company and a wholly-owned subsidiary of Georgia Gulf. In the Merger, each share of Splitco common stock will be converted into the right to receive Georgia Gulf common stock based on the exchange ratio set forth in the Merger Agreement, as described in the section of this document entitled The Merger Agreement Merger Consideration. Following the consummation of the Merger, Georgia Gulf and certain of its subsidiaries will guarantee the Term Facility and the Debt Securities.

Immediately after consummation of the Merger, 50.5% of Georgia Gulf common stock is expected to be held by pre-Merger holders of Splitco common stock and 49.5% of Georgia Gulf common stock is expected to be held by pre-Merger Georgia Gulf stockholders, subject to potential adjustment under limited circumstances as described in the section of this document entitled The Merger Agreement Merger Consideration.



---

**Table of Contents**

**Index to Financial Statements**

As described in the second bullet point above, Georgia Gulf and PPG expect the Debt Securities to be transferred by PPG on or about the closing date of the Merger to investment banks and/or commercial banks in the Debt Exchange in exchange for debt obligations of PPG described in the section of this document entitled Debt Financing PPG Bridge Facility. The Debt Securities will then be sold by the investment banks and/or commercial banks to third-party investors pursuant to an exemption from registration under the Securities Act in either a private placement or a Rule 144A transaction.

**Q: What are the material U.S. federal income tax consequences to Georgia Gulf and Georgia Gulf's stockholders resulting from the Transactions?**

A: Georgia Gulf will not recognize any gain or loss for U.S. federal income tax purposes as a result of the Merger. Because Georgia Gulf stockholders will not participate in the Distribution or the Merger, Georgia Gulf stockholders generally will not recognize gain or loss upon either the Distribution or the Merger. **Georgia Gulf stockholders should consult their own tax advisor for a full understanding of the tax consequences to them of the Distribution and the Merger.** The material U.S. federal income tax consequences of the Distribution and the Merger are described in more detail in the section of this document entitled The Transactions Material U.S. Federal Income Tax Consequences of the Distribution and the Merger.

**Q: What will Georgia Gulf stockholders receive in the Merger?**

A: Georgia Gulf stockholders will not directly receive any consideration in the Merger. All shares of Georgia Gulf common stock issued and outstanding immediately before the Merger will remain issued and outstanding after consummation of the Merger. Immediately after the Merger, Georgia Gulf stockholders will continue to own shares in Georgia Gulf, which will include the PPG Chlor-alkali and Derivatives Business. Splitco, as a wholly-owned subsidiary of Georgia Gulf, will be responsible for repaying the approximately \$900.0 million of debt that will be incurred in connection with the Transactions, and these debt obligations will be guaranteed by Georgia Gulf and certain of its subsidiaries after the consummation of the Merger.

**Q: What are the principal adverse consequences of the Transactions to Georgia Gulf stockholders?**

A: Following the consummation of the Transactions, Georgia Gulf stockholders will participate in a company that holds the PPG Chlor-alkali and Derivatives Business, but their percentage interest in this company will be diluted. Immediately after the consummation of the Merger, pre-merger Georgia Gulf stockholders are expected to own 49.5% of Georgia Gulf common stock. Under limited circumstances described in the section of this document entitled The Merger Agreement Merger Consideration, pre-Merger Georgia Gulf stockholders could own less than 49.5% of Georgia Gulf common stock following the consummation of the Merger and under such circumstances, there is no minimum percentage of Georgia Gulf common stock that pre-Merger Georgia Gulf stockholders may own. Therefore, the voting power represented by the shares held by pre-Merger Georgia Gulf stockholders will be lower immediately following the Merger than immediately prior to the Merger. In addition, PPG shareholders that participate in the exchange offer will be exchanging their shares of PPG common stock for shares of Splitco common stock at a discount to the per-share value of Georgia Gulf common stock. The existence of a discount, along with the issuance of shares of Georgia Gulf common stock pursuant to the Merger, may negatively affect the market price of Georgia Gulf common stock. Further, Splitco will be the obligor on approximately \$900.0 million of debt, consisting of approximately \$225.0 million under the Term Facility and approximately \$675.0 million in Debt Securities, which, after the consummation of the Merger, will be guaranteed by Georgia Gulf and certain of its subsidiaries. This additional indebtedness could adversely affect the operations and financial condition of Georgia Gulf. Georgia Gulf also expects to incur significant one-time costs in connection with the Transactions, including approximately (1) \$25 to \$30 million of advisory, legal, accounting and other professional fees related to the Transactions, (2) \$30 to \$40 million of financing related fees and (3) \$55 million in transition and integration expenses, such as consulting professionals fees, information technology implementation costs and relocation and severance costs, that Georgia Gulf management believes are necessary to realize approximately \$115.0 million of annualized cost synergies within two years from the consummation of the Transactions. The



---

**Table of Contents****Index to Financial Statements**

incurrence of these costs may have an adverse impact on Georgia Gulf's liquidity or operating results in the periods in which they are incurred. Finally, Georgia Gulf's management will be required to devote a significant amount of time and attention to the process of integrating the operations of Georgia Gulf and the PPG Chlor-alkali and Derivatives Business. If Georgia Gulf management is not able to effectively manage the process, Georgia Gulf's business could suffer and its stock price may decline. See "Risk Factors" for a further discussion of the material risks associated with the Transactions.

**Q: How will the Transactions impact the future liquidity and capital resources of Georgia Gulf?**

A: The approximately \$225.0 million under the Term Facility and approximately \$675.0 million in Debt Securities will be the debt obligations of Splitco, and, after consummation of the Merger, will be guaranteed by Georgia Gulf and certain of its subsidiaries. Georgia Gulf anticipates that its primary sources of liquidity for working capital and operating activities, including any future acquisitions, after the Transactions will be cash provided by operations and additional availability under its current or any future credit facilities. Georgia Gulf expects to enter into the New ABL Revolver (as defined and described in the section entitled "Debt Financing - New ABL Revolver"), which is expected to, among other things, increase Georgia Gulf's availability to \$500.0 million, subject to applicable borrowing base limitations and certain other conditions. There can be no assurance that Georgia Gulf will be able to enter into the New ABL Revolver on acceptable terms, at an appropriate time, or at all. Following the consummation of the Transactions, Georgia Gulf expects capital expenditures to be approximately \$165.0 million on a pro forma basis for the year ending December 31, 2013 due to the expected increase in Georgia Gulf's asset base. Similarly, following the consummation of the Transactions and after taking into account expected synergies, Georgia Gulf expects cash from operations to be in the range of \$350.0 million to \$400.0 million for the year ending December 31, 2013. Georgia Gulf believes that the combination of the operations, purchasing and logistics networks of the PPG Chlor-alkali and Derivatives Business with Georgia Gulf's existing business will result in annualized cost synergies of approximately \$115.0 million within two years from the consummation of the Transactions as a result of (1) approximately \$40 million in savings from procurement and logistics, (2) approximately \$35 million in savings from operating rate optimization and (3) approximately \$40 million in savings from reduced general and administrative expenses, including reduced overhead, information technology savings and the impact of purchase accounting pension adjustments. Georgia Gulf expects to incur significant, one-time costs in connection with the Transactions, including approximately (1) \$25 to \$30 million of advisory, legal, accounting and other professional fees related to the Transactions, (2) \$30 to \$40 million of financing related fees and (3) \$55 million in transition and integration expenses, such as consulting professionals' fees, information technology implementation costs and relocation and severance costs, that Georgia Gulf management believes are necessary to realize approximately \$115.0 million of annualized cost synergies within two years from the consummation of the Transactions.

**Q: How do the Transactions impact Georgia Gulf's dividend policy?**

A: On May 21, 2012, Georgia Gulf declared a cash dividend of \$0.08 per share, Georgia Gulf's first dividend since 2008. This dividend was paid on July 10, 2012. Georgia Gulf also declared a cash dividend of \$0.08 per share on September 11, 2012, which was paid on October 10, 2012. Pursuant to the Merger Agreement, Georgia Gulf has agreed not to pay a quarterly dividend of greater than \$0.08 per share until after the consummation of the Merger and indicated its intent to pay quarterly dividends from and after the closing of the Merger at no less than the current rate of \$0.32 per share per annum, although the payment of cash dividends in the future will be at the discretion of Georgia Gulf's board of directors. The declaration of any cash dividends, and the amount thereof, will depend on many factors, including Georgia Gulf's financial condition, capital requirements, funds from operations, the dividend taxation level, Georgia Gulf's stock price, future business prospects, and any other factors, as Georgia Gulf's board of directors may deem relevant. Additionally, Georgia Gulf's current asset-backed revolving credit facility (the "ABL Revolver") and the indenture governing the 9 percent notes place significant restrictions on Georgia Gulf's ability to pay dividends, and other indebtedness Georgia Gulf may incur in the future, including the New ABL Revolver, may contain similar restrictions.

**Table of Contents**

**Index to Financial Statements**

**Q: What will PPG and PPG shareholders receive in the Transactions?**

A: PPG will receive the cash proceeds of the Term Facility, and will receive the Debt Securities. The Debt Securities are expected to be issued by Splitco to PPG prior to the Distribution. The Term Facility and Debt Securities will be the debt obligations of Splitco and, following the consummation of the Merger, will be guaranteed by Georgia Gulf and certain of its subsidiaries. As a result, PPG will receive total cash proceeds of approximately \$900.0 million in connection with the Separation and the Distribution, subject to adjustments. In the exchange offer, PPG will offer to PPG shareholders the right to exchange all or a portion of their shares of PPG common stock for shares of Splitco common stock at a discount to the per-share value of Georgia Gulf common stock. If the exchange offer is consummated but is not fully subscribed, PPG will distribute the remaining shares of Splitco common stock on a pro rata basis to PPG shareholders whose shares of PPG common stock remain outstanding after consummation of the exchange offer. Any PPG shareholder who validly tenders (and does not properly withdraw) shares of PPG common stock for shares of Splitco common stock in the exchange offer will waive their rights with respect to such shares to receive, and forfeit any rights to, shares of Splitco common stock distributed on a pro rata basis to PPG shareholders in the event the exchange offer is not fully subscribed. In the Merger, each share of Splitco common stock will be converted into the right to receive Georgia Gulf common stock based on the exchange ratio set forth in the Merger Agreement, as described in the section of this document entitled "The Merger Agreement - Merger Consideration."

**Q: Are there any conditions to the consummation of the Transactions?**

A: Yes. Consummation of the Transactions is subject to a number of conditions, including:

the approval of Georgia Gulf's stockholders of the issuance of shares of Georgia Gulf common stock in the Merger;

the receipt of certain rulings from the Internal Revenue Service (the "IRS");

the receipt by PPG of the Distribution Tax Opinion;

the completion of the various transaction steps contemplated by the Merger Agreement and the Separation Agreement, including the Separation and the Distribution;

clearance of the Merger under applicable antitrust or competition laws in Canada and the United States; and

other customary conditions.

If Georgia Gulf waives the satisfaction of a material condition to the consummation of the Transactions, Georgia Gulf will evaluate the appropriate facts and circumstances at that time and resolicit stockholder approval of the issuance of shares of Georgia Gulf common stock in the Merger if required to do so by law.

This document describes these conditions in more detail under "The Merger Agreement - Conditions to the Merger."

**Q: When will the Transactions be completed?**

A: The Transactions are expected to be completed in late 2012 or early 2013. However, it is possible that the Transactions could be completed at a later time or not at all. For a discussion of the conditions to the Transactions, see The Merger Agreement Conditions to the Merger.

**Q: Are there risks associated with the Transactions?**

A: Yes. The material risks associated with the Transactions are discussed in the section of this document entitled Risk Factors. Those risks include, among others, the possibility that Georgia Gulf may fail to realize the anticipated benefits of the Merger, the uncertainty that Georgia Gulf will be able to integrate the

**Table of Contents**

**Index to Financial Statements**

PPG Chlor-alkali and Derivatives Business successfully, the possibility that Georgia Gulf may be unable to provide benefits and services or access to equivalent financial strength and resources to the PPG Chlor-alkali and Derivatives Business that historically have been provided by PPG, the additional long-term indebtedness and liabilities that Georgia Gulf will have following the consummation of the Transactions and the substantial dilution to the ownership interest of current Georgia Gulf stockholders following the consummation of the Merger.

**Q: Will there be any change to the board of directors or the executive officers of Georgia Gulf after the Transactions?**

A: Yes. Georgia Gulf will increase the size of its board of directors by three members, and three individuals selected by PPG and approved by the Nominating and Governance Committee of the board of directors of Georgia Gulf will be appointed to fill the vacancies. In accordance with the Merger Agreement, these individuals will also be nominated for re-election to the board of directors of Georgia Gulf at Georgia Gulf's 2013 annual meeting of stockholders. The executive officers of Georgia Gulf immediately prior to the consummation of the Merger are expected to be the executive officers of Georgia Gulf immediately following the consummation of the Merger.

**Q: What stockholder approvals are needed in connection with the Transactions?**

A: Georgia Gulf cannot complete the Transactions unless the proposal relating to the issuance of shares of Georgia Gulf common stock in the Merger is approved by the affirmative vote of a majority of the shares of Georgia Gulf common stock represented and voting at the special meeting, either in person or by proxy (provided that the total votes cast on the proposal represent over 50% in interest of all shares entitled to vote on the proposal). Georgia Gulf stockholder approval of an amendment to the Articles to increase the authorized shares of Georgia Gulf common stock to 200 million shares or the Plan Amendment is **NOT** required to consummate the Merger.

**Q: What is the proposed Articles Amendment on which I am being asked to vote?**

A: Georgia Gulf is seeking stockholder approval, subject to the approval of the issuance of Georgia Gulf common stock in the Merger and contingent on the consummation of the Merger, of a proposal to amend the Articles to increase the number of authorized shares of Georgia Gulf common stock from 100 million shares to 200 million shares. Please see the section entitled "Proposal No. 2 Proposal to Approve the Amendment of the Articles to Increase the Number of Authorized Shares of Georgia Gulf Common Stock" for a further discussion of this proposal.

**Q: Why is Georgia Gulf proposing to amend the Articles to increase the number of authorized shares of Georgia Gulf common stock?**

A: Georgia Gulf's board of directors believes it is in Georgia Gulf's best interest to increase the number of authorized shares of Georgia Gulf common stock to 200 million in order to accommodate the issuance of shares of Georgia Gulf common stock in the Merger and to assure that additional shares of common stock are available for general corporate purposes, which may include:

raising capital through sales of equity securities (issuances of shares of Georgia Gulf common stock or debt or equity securities that are convertible into Georgia Gulf common stock);

acquiring other businesses or assets;



establishing strategic relationships with other companies;

providing equity incentives to employees, officers or directors;

declaring stock dividends or effecting stock splits; and

achieving other corporate purposes.

**Table of Contents**

**Index to Financial Statements**

**Q: What stockholder approval is needed in connection with the proposed Articles Amendment?**

**A:** Georgia Gulf cannot amend the Articles to increase the number of authorized shares of Georgia Gulf common stock unless the proposal is approved by the affirmative vote of a majority of the shares of Georgia Gulf common stock entitled to vote on the proposal. In addition, the Articles Amendment will be effected only if the proposal relating to the issuance of shares of Georgia Gulf common stock in the Merger is approved by Georgia Gulf's stockholders and the Merger is consummated.

**Q: What is the Plan Amendment on which I am being asked to vote in connection with the Transactions?**

**A:** In connection with the Transactions, Georgia Gulf is seeking stockholder approval of the Plan Amendment in order to:

increase the number of shares of Georgia Gulf common stock available under the Plan by 1,800,000 shares;

permit the grant under the Plan of awards in substitution for or conversion of stock or stock-based awards held by awardees of an entity engaging in a corporate acquisition or merger transaction with Georgia Gulf or any of its subsidiaries, with the shares of Georgia Gulf common stock delivered under the substituted or converted award not counting against the share limit or other limits on the number of shares of Georgia Gulf common stock available for issuance under the Plan; and

limit the aggregate amount of stock or stock-based awards which a non-employee director may be granted under the Plan during any calendar year to a value as of their respective dates of grant of \$300,000.

Please see the section entitled "Proposal No. 3 Proposal to Approve the First Amendment to the Georgia Gulf Corporation 2011 Equity and Performance Incentive Plan" for a further discussion of this proposal.

**Q: Why is Georgia Gulf proposing the Plan Amendment?**

**A:** The Georgia Gulf board of directors believes the Plan Amendment is in the best interests of Georgia Gulf and the Georgia Gulf stockholders because (1) it will facilitate the conversion of certain stock based awards held by current employees of the PPG Chlor-alkali and Derivatives Business, who in connection with the Merger will become employees of Georgia Gulf or an affiliate of Georgia Gulf, into stock-based awards covered under the Plan and (2) it will enable Georgia Gulf after the Merger to continue to reward and provide incentives to Georgia Gulf's key employees, the number of which will increase significantly upon the consummation of the Merger as a result of the employees of the PPG Chlor-alkali and Derivatives Business joining Georgia Gulf, as well as to attract and retain additional highly qualified employees. In addition, the Georgia Gulf board of directors is seeking stockholder approval of a more specific limitation on awards to individual directors and believes that such a limitation is in the best interests of Georgia Gulf and the Georgia Gulf stockholders to place reasonable restrictions on the amount of each non-employee director's equity-based compensation in any calendar year. Please see the section entitled "Proposal No. 3 Proposal to Approve the First Amendment to the Georgia Gulf Corporation 2011 Equity and Performance Incentive Plan - General."

**Q: What stockholder approval is needed in connection with the Plan Amendment?**

**A:** Georgia Gulf cannot effect the Plan Amendment unless the proposal is approved by the affirmative vote of a majority of the shares of Georgia Gulf common stock represented and voting at the special meeting, either in person or by proxy (provided that the total votes cast on the proposal represent over 50% in interest of all shares entitled to vote on the proposal). The Plan Amendment will be effected only if

the proposal relating to the issuance of shares of Georgia Gulf common stock in the Merger is approved by Georgia Gulf's stockholders and the Merger is consummated.

**Table of Contents**

**Index to Financial Statements**

**Q: Do PPG shareholders have to vote to approve the Transactions, the proposal to increase the number of authorized shares of Georgia Gulf common stock under the Articles or the proposal to approve the Plan Amendment?**

A: No.

**Q: What if a Georgia Gulf stockholder does not vote on the issuance of shares of Georgia Gulf common stock in the Merger, on the proposal to amend the Articles or on the proposal to amend the Plan?**

A: The outcome depends on how the Georgia Gulf common stock is held and whether any vote is cast or not.

If a Georgia Gulf stockholder submits a proxy to Georgia Gulf but the proxy does not indicate how it should be voted on the proposals, the proxy will be counted as a vote **FOR** the proposals.

If a Georgia Gulf stockholder submits a proxy to Georgia Gulf and the proxy indicates that the stockholder abstains from voting as to a proposal, it will have the same effect as a vote against the proposal.

If a Georgia Gulf stockholder fails to submit a proxy to Georgia Gulf, that stockholder's shares will not count towards the required quorum of 50% in interest of all shares entitled to vote on the proposals to approve the issuance of shares of Georgia Gulf common stock in the Merger and to approve the Plan Amendment. In addition, such a failure to submit a proxy to Georgia Gulf will have the same effect as a vote against the proposal to approve the Articles Amendment.

If a Georgia Gulf stockholder holds shares in street name, through that stockholder's bank, broker or other nominee, such shares will be considered to be represented at the special meeting and voted only as to those matters marked on the proxy card. Under NYSE listing standards, if a Georgia Gulf stockholder fails to instruct its bank, broker or other nominee how to vote that stockholder's shares on the proposals, the bank, broker or other nominee is prohibited from voting on the proposals with respect to that stockholder's shares, and those shares will not count towards the required quorum of 50% in interest of all shares entitled to vote on the proposals. In addition, if a Georgia Gulf stockholder fails to instruct its bank, broker or other nominee how to vote that stockholder's shares on the proposal to approve the Articles Amendment, such failure will have the same effect as a vote against the proposal.

**Q: How does the Georgia Gulf board of directors recommend shareholders vote?**

A: The Georgia Gulf board of directors recommends that the stockholders of Georgia Gulf vote **FOR** approval of the issuance of shares of Georgia Gulf common stock in the Merger, **FOR** the proposal to approve the Articles Amendment, **FOR** the proposal to approve the Plan Amendment, and, if necessary or appropriate, **FOR** the adjournment or postponement of the special meeting to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the issuance of shares of Georgia Gulf common stock in the Merger.

**Q: Have any Georgia Gulf stockholders already agreed to vote for the issuance of shares of Georgia Gulf common stock in the Merger?**

A: No.

**Q: How can Georgia Gulf stockholders cast their vote?**

A: Georgia Gulf stockholders may vote before the special meeting in one of the following ways:

use the toll-free number shown on the proxy card (or voting instruction card if a Georgia Gulf stockholder received its proxy materials by mail from a bank or broker);

visit the website shown on the proxy card (or voting instruction card) to submit a proxy via the Internet;

**Table of Contents**

**Index to Financial Statements**

complete, sign, date and return the enclosed proxy card (or voting instruction card) in the enclosed postage-paid envelope; or

attend the special meeting and vote their shares.

**Q: If a Georgia Gulf stockholder is not going to attend the special meeting, should that stockholder return its proxy card or otherwise vote its shares?**

A: Yes. Returning the proxy card (or voting instruction card) or voting by calling the toll-free number shown on the proxy card (or voting instruction card) or visiting the website shown on the proxy card (or voting instruction card) ensures that the shares will be represented and voted at the special meeting, even if a Georgia Gulf stockholder will be unable to or does not attend.

**Q: If a Georgia Gulf stockholder's shares are held in street name through its bank, broker or other nominee, will that bank, broker or other nominee vote those shares?**

A: Banks, brokers or other nominees will vote shares of a Georgia Gulf stockholder with respect to the proposals at the special meeting only if the Georgia Gulf stockholder instructs its bank, broker or other nominee how to vote. A Georgia Gulf stockholder should follow the directions provided by its bank, broker or other nominee regarding how to instruct its bank, broker or other nominee to vote its shares. If a Georgia Gulf stockholder does not provide its bank, broker or other nominee with instructions, under NYSE rules, that bank, broker or other nominee will not be authorized to vote with respect to any of the proposals in this proxy statement. Shares registered in the name of a bank, broker or other nominee, for which proxies are voted on some, but not all matters, will be considered to be represented at the special meeting and voted only as to those matters marked on the proxy card. Shares registered in the name of a bank, broker or other nominee may be voted in person at the special meeting by contacting the bank, broker or other nominee to request a letter confirming its beneficial ownership of the shares and that the bank, broker or other nominee will not vote the shares at the special meeting, and bringing that letter to the special meeting.

**Q: Can a Georgia Gulf stockholder change its vote after mailing its proxy card?**

A: Yes. If a holder of record of Georgia Gulf common stock has properly completed and submitted its proxy card, the Georgia Gulf stockholder can change its vote in any of the following ways:

by sending a signed notice of revocation to the Corporate Secretary of Georgia Gulf that is received prior to the special meeting stating that the Georgia Gulf stockholder revokes its proxy;

by properly completing a new proxy card bearing a later date and properly submitting it so that it is received prior to the special meeting;

by logging onto the Internet website specified on the proxy card in the same manner a stockholder would to submit its proxy electronically or by calling the toll-free number specified on the proxy card prior to the special meeting, in each case if the Georgia Gulf stockholder is eligible to do so and following the instructions on the proxy card; or

## Edgar Filing: GEORGIA GULF CORP /DE/ - Form DEFM14A

by attending the special meeting and voting in person.

Simply attending the special meeting will not revoke a proxy. In the event of multiple online or telephone votes by a stockholder, each vote will supersede the previous vote and the last vote cast will be deemed to be the final vote of the stockholder unless such vote is revoked in person at the special meeting.

If a Georgia Gulf stockholder holds shares in street name through its bank, broker or other nominee, and has directed such person to vote its shares, it should instruct such person to change its vote, or if in the alternative a Georgia Gulf stockholder wishes to vote in person at the special meeting, it must bring to the special meeting a letter from the bank, broker or other nominee confirming its beneficial ownership of the shares and that the bank, broker or other nominee is not voting the shares at the special meeting.

**Table of Contents**

**Index to Financial Statements**

**Q: What should Georgia Gulf stockholders do now?**

A: After carefully reading and considering the information contained in this document, Georgia Gulf stockholders should vote their shares as soon as possible so that their shares will be represented and voted at the Georgia Gulf special meeting. Georgia Gulf stockholders should follow the instructions set forth on the enclosed proxy card (or on the voting instruction card provided by the record holder if their shares are held in the name of a bank, broker or other nominee).

**Q: Can Georgia Gulf stockholders dissent and require appraisal of their shares?**

A: No.

**Q: Will the instruments that govern the rights of Georgia Gulf stockholders with respect to their shares of Georgia Gulf common stock after the Transactions be different from those that govern the rights of current Georgia Gulf stockholders?**

A: The rights of Georgia Gulf stockholders with respect to their shares of Georgia Gulf common stock after the consummation of the Transactions will continue to be governed by federal and state laws and Georgia Gulf's governing documents, including:

the corporate law of the State of Delaware, including the Delaware General Corporation Law (the "DGCL");

the Articles; and

the Amended and Restated Bylaws of Georgia Gulf Corporation (the "Bylaws").

If the proposals to issue Georgia Gulf common stock in the Merger and increase the number of authorized shares of Georgia Gulf common stock under the Articles are approved by the Georgia Gulf stockholders and the Merger is consummated, the Articles will be amended to increase the number of authorized shares of Georgia Gulf common stock from 100 million shares to 200 million shares. The additional shares of authorized Georgia Gulf common stock would be identical to the shares of common stock now authorized and outstanding, and this amendment would not otherwise affect the rights of current holders of Georgia Gulf common stock. Assuming the issuance of approximately 35,236,010 shares of Georgia Gulf common stock in the Merger and the effectiveness of the Articles Amendment, approximately 127,688,191 shares of Georgia Gulf common stock are expected to remain available under the Articles after the consummation of the Merger and the effectiveness of the Articles Amendment. Please see the section entitled "Proposal No. 2 Proposal to Approve the Amendment of the Articles to Increase the Number of Authorized Shares of Georgia Gulf Common Stock" for a further discussion of the effects of the Articles Amendment.

**Q: Who can answer my questions?**

A: If you have any questions about the Transactions or the special meeting, need assistance in voting your shares or need additional copies of this document or the enclosed proxy card (or voting instruction card), you should contact:

AST Phoenix Advisors

110 Wall Street



Edgar Filing: GEORGIA GULF CORP /DE/ - Form DEFM14A

27th Floor

New York, NY 10005

Telephone: (800) 330-5136

or

Georgia Gulf Corporation

115 Perimeter Center Place, Suite 460

Atlanta, Georgia 30346

Attention: Investor Relations

Telephone: (770) 395-4500

14

**Table of Contents**

**Index to Financial Statements**

**Q: Where can I find more information about Georgia Gulf and the PPG Chlor-alkali and Derivatives Business?**

A: Georgia Gulf stockholders can find more information about Georgia Gulf and the PPG Chlor-alkali and Derivatives Business in the sections of this document entitled **Information on Georgia Gulf**, **Information on the PPG Chlor-alkali and Derivatives Business** and from the various sources described in the section of this document entitled **Where You Can Find More Information; Incorporation by Reference**.

**Table of Contents**

**Index to Financial Statements**

**SUMMARY**

*The following summary contains certain information described in more detail elsewhere in this document. It does not contain all the details concerning the Transactions, including information that may be important to you. To better understand the Transactions, you should carefully review this entire document and the documents it refers to. See Where You Can Find More Information; Incorporation by Reference.*

**The Companies**

*Georgia Gulf Corporation*

Georgia Gulf Corporation

115 Perimeter Center Place, Suite 460

Atlanta, Georgia 30346

Telephone: (770) 395-4500

Georgia Gulf Corporation is a leading, integrated North American manufacturer and international marketer of chemicals and building products. Georgia Gulf manufactures two chemical lines, chlorovinyls and aromatics, as well as vinyl-based building and home improvement products. Georgia Gulf's vinyl-based building and home improvement products, marketed under the Royal Building Products and Exterior Portfolio brands, include window and door profiles, mouldings, siding, pipe and pipe fittings and deck products. Georgia Gulf, headquartered in Atlanta, Georgia, has manufacturing facilities located throughout North America to provide industry-leading service to customers.

*Grizzly Acquisition Sub, Inc.*

Grizzly Acquisition Sub, Inc.

c/o Georgia Gulf Corporation

115 Perimeter Center Place, Suite 460

Atlanta, Georgia 30346

Telephone: (770) 395-4500

Grizzly Acquisition Sub, Inc., a Delaware corporation referred to in this document as Merger Sub, is a newly formed, direct wholly-owned subsidiary of Georgia Gulf that was organized specifically for the purpose of completing the Merger. Merger Sub has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and in connection with the Transactions.

*PPG Industries, Inc.*

PPG Industries, Inc.

One PPG Place

Pittsburgh, Pennsylvania 15272

Telephone: (412) 434-3131

Edgar Filing: GEORGIA GULF CORP /DE/ - Form DEFM14A

PPG Industries, Inc., incorporated in Pennsylvania in 1883, is a leading coatings and specialty products company. PPG's net sales in 2011 totaled \$14,885 million and 2011 net income was \$1,095 million. PPG's corporate headquarters is located in Pittsburgh, Pennsylvania. PPG has manufacturing facilities, sales offices, research and development centers and distribution centers located throughout the world. At December 31, 2011 PPG operated 128 manufacturing facilities in 45 countries.

**Table of Contents**

**Index to Financial Statements**

*Eagle Spinco Inc.*

Eagle Spinco Inc.

c/o PPG Industries, Inc.

One PPG Place

Pittsburgh, Pennsylvania 15272

Telephone: (412) 434-3131

Eagle Spinco Inc., a Delaware corporation referred to in this document as Splitco, is a newly formed, direct wholly-owned subsidiary of PPG that was organized specifically for the purpose of effecting the Separation. Splitco has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and those incurred in connection with the Transactions.

Splitco is a holding company. In the Transactions, PPG will transfer the assets and liabilities related to the PPG Chlor-alkali and Derivatives Business, including certain subsidiaries of PPG, to Splitco or one of its subsidiaries. In exchange therefor, PPG will receive all the issued and outstanding common stock of Splitco, the cash proceeds of approximately \$225.0 million from the Term Facility and the Debt Securities in an aggregate principal amount of approximately \$675.0 million. The PPG Chlor-alkali and Derivatives Business produces chlor-alkali and derivative products, including chlorine, caustic soda, VCM, chlorinated solvents, calcium hypochlorite, ethylene dichloride, HCL and phosgene derivatives. For the fiscal year ended December 31, 2011, the PPG Chlor-alkali and Derivatives Business generated net sales of \$1,741.0 million and net income of \$233.0 million.

**The Transactions**

On July 19, 2012, Georgia Gulf and PPG announced that they, along with Splitco and Merger Sub, had entered into the Merger Agreement, and that PPG and Splitco had entered into the Separation Agreement, which together provide for the combination of Georgia Gulf's business and the PPG Chlor-alkali and Derivatives Business. In the Transactions, PPG will transfer the PPG Chlor-alkali and Derivatives Business to Splitco. Prior to the Distribution, PPG will receive the cash proceeds of approximately \$225.0 million from borrowings under the Term Facility through a distribution in connection with the Separation and prior to the consummation of the Merger. PPG will also receive approximately \$675.0 million in Debt Securities, which are expected to be issued by Splitco to PPG prior to the Distribution, and then transferred on or about the closing date of the Merger to investment banks and/or commercial banks in satisfaction of the debt obligations of PPG described in the section of this document entitled "Debt Financing - PPG Bridge Facility."

On the closing date of the Merger, PPG will distribute shares of Splitco common stock to its participating shareholders in an exchange offer. If the exchange offer is consummated but is not fully subscribed, PPG will distribute the remaining shares of Splitco common stock on a pro rata basis to PPG shareholders whose shares of PPG common stock remain outstanding after consummation of the exchange offer. Any PPG shareholder who validly tenders (and does not properly withdraw) shares of PPG common stock for shares of Splitco common stock in the exchange offer will waive their rights with respect to such shares to receive, and forfeit any rights to, shares of Splitco common stock distributed on a pro rata basis to PPG shareholders in the event the exchange offer is not fully subscribed. If there is a pro rata distribution, the exchange agent will calculate the exact number of shares of Splitco common stock not exchanged in the exchange offer and to be distributed on a pro rata basis, and the number of shares of Georgia Gulf common stock into which the remaining shares of Splitco common stock will be converted in the Merger will be transferred to PPG shareholders (after giving effect to the consummation of the exchange offer) as promptly as practicable thereafter. Immediately after the Distribution and on the closing date of the Merger, Merger Sub will merge with and into Splitco, whereby the separate corporate existence of Merger Sub will cease and Splitco will continue as the surviving company and a wholly-

---

**Table of Contents**

**Index to Financial Statements**

owned subsidiary of Georgia Gulf. In the Merger, each share of Splitco common stock will be converted into the right to receive Georgia Gulf common stock based on the exchange ratio set forth in the Merger Agreement, as described in the section of this document entitled "The Merger Agreement - Merger Consideration."

Georgia Gulf expects to issue approximately 35,236,010 shares of Georgia Gulf common stock in the Merger, although the exact number of shares to be issued in the Merger will not be known until the closing date. Based upon the reported closing sale price of \$45.65 per share for Georgia Gulf common stock on the NYSE on November 26, 2012 and the 34,538,268 shares of Georgia Gulf common stock issued and outstanding on November 26, 2012, the total value of the shares expected to be issued by Georgia Gulf and the amount of cash received by PPG in the Transactions, including the Term Facility and the Debt Securities, which will be the obligations of Splitco and, following the consummation of the Merger, will be guaranteed by Georgia Gulf, would have been approximately \$2,508.5 million. The value of the consideration to be paid by Georgia Gulf in the Merger will be computed using the value of Georgia Gulf common stock on the closing date, and therefore, the actual purchase price will fluctuate with the market price of Georgia Gulf common stock until the Merger is consummated.

After the Merger, Georgia Gulf will own and operate the PPG Chlor-alkali and Derivatives Business through Splitco, which will be Georgia Gulf's wholly-owned subsidiary, and will also continue its current businesses. All shares of Georgia Gulf common stock, including those issued in the Merger, will be listed on the NYSE under Georgia Gulf's current trading symbol - GGC.

Below is a step-by-step description of the sequence of material events relating to the Transactions.

*Step 1 Separation*

PPG will transfer to Splitco, a newly formed, direct wholly-owned subsidiary of PPG, the PPG Chlor-alkali and Derivatives Business. This transfer to Splitco will include, among the other assets and liabilities of the PPG Chlor-alkali and Derivatives Business, PPG's (1) 50% interest in PHH Monomers, LLC ( "PHH" ), a joint venture with Georgia Gulf and (2) 50% interest in RS Cogen, L.L.C. ( "RS Cogen" ), a joint venture with an affiliate of Entergy Corporation. PPG is currently discussing with its joint venture partner, China Petrochemical Development Corporation ( "CPDC" ), the potential transfer of the TCI Interests to Splitco, or a subsidiary thereof. In the event that PPG does not convey the TCI Interests at or prior to the effective time of the Separation to Splitco, or a subsidiary thereof, the Special Distribution will be reduced by \$130 million. Georgia Gulf does not believe that there would be a material adverse impact on the combined business after the consummation of the Merger if the TCI Interests were not transferred as part of the Transactions.

*Step 2 Incurrence of Debt*

Prior to the Distribution, Splitco will incur new indebtedness in the form of the Term Facility in the amount of approximately \$225.0 million and issue approximately \$675.0 million in aggregate principal amount of Debt Securities to PPG. PPG will ultimately receive the cash proceeds from the approximately \$225.0 million term loan under the Term Facility through a distribution in connection with the Separation and prior to the consummation of the Merger. PPG is then expected to transfer the Debt Securities on or about the closing date of the Merger to investment banks and/or commercial banks in satisfaction of the debt obligations of PPG described in the section of this document entitled "Debt Financing - PPG Bridge Facility." The Debt Securities are subsequently expected to be sold by the investment banks and/or commercial banks to third-party investors as described below. PPG is expected to receive approximately \$900.0 million in cash from the Term Facility and Debt Securities.

## **Table of Contents**

### **Index to Financial Statements**

#### *Step 3 Distribution Exchange Offer*

PPG will offer to PPG shareholders the right to exchange all or a portion of their shares of PPG common stock for shares of Splitco common stock at a discount to the per-share value of Georgia Gulf common stock in an exchange offer.

If the exchange offer is consummated but is not fully subscribed, PPG will distribute the remaining shares of Splitco common stock on a pro rata basis to PPG shareholders whose shares of PPG common stock remain outstanding after consummation of the exchange offer. Any PPG shareholder who validly tenders (and does not properly withdraw) shares of PPG common stock for shares of Splitco common stock in the exchange offer will waive their rights with respect to such shares to receive, and forfeit any rights to, shares of Splitco common stock distributed on a pro rata basis to PPG shareholders in the event the exchange offer is not fully subscribed. If there is a pro rata distribution, the exchange agent will calculate the exact number of shares of Splitco common stock not exchanged in the exchange offer and to be distributed on a pro rata basis, and the number of shares of Georgia Gulf common stock into which the remaining shares of Splitco common stock will be converted in the Merger will be transferred to PPG shareholders (after giving effect to the consummation of the exchange offer) as promptly as practicable thereafter.

The exchange agent will hold, for the account of the relevant PPG shareholders, the global certificate(s) representing all of the outstanding shares of Splitco common stock, pending the consummation of the Merger. Shares of Splitco common stock will not be able to be traded during this period.

As previously noted, Georgia Gulf has prepared this document under the assumption that the shares of Splitco will be distributed to PPG shareholders pursuant to a split-off. Based on market conditions prior to closing, PPG will determine whether the Splitco shares will be distributed to PPG's shareholders in a spin-off or a split-off and, once a final decision is made, this document will be amended to reflect that decision, if necessary.

#### *Step 4 Merger*

Immediately after the Distribution, and on the closing date of the Merger, Merger Sub will merge with and into Splitco, whereby the separate corporate existence of Merger Sub will cease and Splitco will continue as the surviving company and as a wholly-owned subsidiary of Georgia Gulf. In the Merger, each share of Splitco common stock will be converted into the right to receive Georgia Gulf common stock based on the exchange ratio set forth in the Merger Agreement, as described in the section of this document entitled *The Merger Agreement Merger Consideration*. Following the consummation of the Merger, Georgia Gulf and certain of its subsidiaries will guarantee the Term Facility and the Debt Securities.

Immediately after consummation of the Merger, 50.5% of Georgia Gulf common stock is expected to be held by pre-Merger holders of Splitco common stock and 49.5% of Georgia Gulf common stock is expected to be held by pre-Merger Georgia Gulf stockholders, subject to potential adjustment under limited circumstances as described in the section of this document entitled *The Merger Agreement Merger Consideration*.

#### *Step 5 Sale of Debt Securities to Third-Party Investors*

As described in Step 2 above, Georgia Gulf and PPG expect the Debt Securities to be transferred by PPG on or about the closing date of the Merger to investment banks and/or commercial banks in the Debt Exchange in exchange for debt obligations of PPG described in the section of this document entitled *Debt Financing PPG Bridge Facility*. The Debt Securities will then be sold by the investment banks and/or commercial banks to third-party investors pursuant to an exemption from registration under the Securities Act in either a private placement or a Rule 144A transaction.

**Table of Contents**

**Index to Financial Statements**

Set forth below are diagrams that graphically illustrate, in simplified form, the existing corporate structure, the corporate structure immediately following the Distribution, and the corporate structure immediately following the consummation of the Transactions contemplated by the Merger Agreement.



**Table of Contents**

**Index to Financial Statements**

After completion of all of the steps described above:

Georgia Gulf's wholly-owned subsidiary, Splitco, will hold the PPG Chlor-alkali and Derivatives Business and will be the obligor under the Term Facility and the Debt Securities, which will be guaranteed by Georgia Gulf and certain of its subsidiaries; and

PPG will receive the approximately \$225.0 million in cash proceeds from the Term Facility and will exchange the approximately \$675.0 million in Debt Securities for debt obligations of PPG in the Debt Exchange (and the Debt Securities will then be sold to third-party investors), resulting in PPG receiving approximately \$900.0 million in cash from the Transactions.

Immediately after consummation of the Merger, 50.5% of Georgia Gulf common stock is expected to be held by pre-Merger holders of Splitco common stock and 49.5% of Georgia Gulf common stock is expected to be held by pre-Merger Georgia Gulf stockholders, subject to potential adjustment under limited circumstances as described in the section of this document entitled "The Merger Agreement - Merger Consideration." In connection with the Transactions, Georgia Gulf, Merger Sub, PPG and/or Splitco have entered into or will enter into the Additional Agreements relating to, among other things, certain tax matters, certain employee matters, the provision of certain transition services during a transition period following the consummation of the Transactions and the sharing of facilities, services and supplies. See "Other Agreements."

Various factors were considered by Georgia Gulf and PPG in negotiating the terms of the Transactions, including the equity ownership levels of Georgia Gulf stockholders and the PPG shareholders receiving shares of Georgia Gulf common stock in the Distribution. The principal factors considered by the parties negotiating the terms of the Transactions were the strategic and financial benefits that could be expected to be achieved by combining Georgia Gulf and the PPG Chlor-alkali and Derivatives Business relative to the future prospects of Georgia Gulf on a standalone basis, the relative actual results of operations and prospects of Georgia Gulf and of the PPG Chlor-alkali and Derivatives Business, synergies expected to be realized in the combination, as well as other alternatives that may be available to Georgia Gulf, and the risks and uncertainties associated with the Transactions and with such alternatives, and the other factors identified in the sections of this document entitled "The Transactions - Background of the Transactions" and "The Transactions - Georgia Gulf's Reasons for the Transactions." PPG also considered, among other things, the value to PPG and PPG's shareholders that could be realized in the Transactions as compared to the value to PPG and PPG's shareholders that could be realized if the Transactions did not occur, the proposed tax treatment of the Transactions, and the other factors identified in the section of this document entitled "The Transactions - PPG's Reasons for the Transactions."

**Table of Contents**

**Index to Financial Statements**

**SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA**

The following summary historical combined financial data of the PPG Chlor-alkali and Derivatives Business, summary historical consolidated financial data of Georgia Gulf, summary unaudited pro forma condensed combined financial data of Georgia Gulf and the PPG Chlor-alkali and Derivatives Business, summary comparative historical and pro forma per share data of Georgia Gulf, summary historical common stock market price data and Georgia Gulf dividend policy information are being provided to help you in your analysis of the financial aspects of the Transactions. You should read this information in conjunction with the financial information included elsewhere and incorporated by reference into this document. See [Where You Can Find More Information](#); [Incorporation by Reference](#), [Information on the PPG Chlor-alkali and Derivatives Business](#), [Management's Discussion and Analysis of Financial Condition and Results of Operations for the PPG Chlor-alkali and Derivatives Business](#), [Information on Georgia Gulf](#), [Selected Historical and Pro Forma Financial Data](#) and the audited and unaudited financial statements and related notes of each of Georgia Gulf and the PPG Chlor-alkali and Derivatives Business incorporated by reference and included elsewhere in this document, respectively.

**Summary Historical Combined Financial Data of the PPG Chlor-alkali and Derivatives Business**

The following summary historical combined financial data of the PPG Chlor-alkali and Derivatives Business for the years ended December 31, 2011, December 31, 2010 and December 31, 2009 and as of December 31, 2011 and December 31, 2010 has been derived from the audited combined financial statements of the PPG Chlor-alkali and Derivatives Business. The following summary historical condensed combined financial data of the PPG Chlor-alkali and Derivatives Business for the nine-month periods ended September 30, 2012 and September 30, 2011, and as of September 30, 2012, September 30, 2011 and December 31, 2009, has been derived from the unaudited condensed combined financial statements of the PPG Chlor-alkali and Derivatives Business, but is not necessarily indicative of the results or the financial condition to be expected for the remainder of the year or any future date or period. The management of the PPG Chlor-alkali and Derivatives Business believes that the unaudited condensed combined financial statements reflect all normal and recurring adjustments necessary for a fair presentation of the results as of and for the interim periods presented. This information is only a summary and should be read in conjunction with [Management's Discussion and Analysis of Financial Condition and Results of Operations for the PPG Chlor-alkali and Derivatives Business](#) and the financial statements of the PPG Chlor-alkali and Derivatives Business and the notes thereto included elsewhere in this document.

**Table of Contents****Index to Financial Statements**

	Nine Months Ended		Year Ended December 31,		
	September 30, 2012	2011	2011	2010	2009
<i>(In Millions)</i>					
<b>Statement of Income Data:</b>					
Net sales	\$ 1,292	\$ 1,340	\$ 1,741	\$ 1,441	\$ 1,282
Cost of sales, exclusive of depreciation and amortization	884	927	1,224	1,117	1,001
Selling, general and administrative	91	91	123	102	100
Depreciation and amortization	32	31	41	39	40
Research and development net	1	1	2	2	2
Business restructuring	1				6
Other charges	8	9	10	11	9
Other earnings					
	(13)	(25)	(27)	(7)	(12)
Income before income taxes					
	288	306	368	177	136
Income tax expense					
	95	102	122	65	43
Net income attributable to the controlling and noncontrolling interests					
	193	204	246	112	93
Less: Net income attributable to noncontrolling interests					
	(10)	(9)	(13)	(7)	(5)
Net income (attributable to the PPG Chlor-alkali and Derivatives Business)					
	\$ 183	\$ 195	\$ 233	\$ 105	\$ 88
<b>Balance Sheet Data (at end of period):</b>					
Total assets	\$ 786	\$ 718	\$ 734	\$ 621	\$ 601
Working capital	\$ 176	\$ 131	\$ 119	\$ 81	\$ 77
Other long-term obligations	\$ 318	\$ 274	\$ 320	\$ 268	\$ 264
Total Parent company shareholders equity	\$ 241	\$ 222	\$ 181	\$ 132	\$ 130
<b>Cash Flow Data:</b>					
Cash from operating activities	\$ 172	\$ 191	\$ 276	\$ 142	\$ 133
Cash used for investing activities	\$ (31)	\$ (56)	\$ (86)	\$ (43)	\$ (22)
Cash used for financing activities	\$ (153)	\$ (131)	\$ (174)	\$ (95)	\$ (123)

**Table of Contents****Index to Financial Statements****Summary Historical Consolidated Financial Data of Georgia Gulf**

The following summary historical consolidated financial data of Georgia Gulf for the years ended December 31, 2011, 2010 and 2009, and as of such dates, has been derived from Georgia Gulf's audited consolidated financial statements as of and for the years ended December 31, 2011, 2010 and 2009. The following summary historical consolidated financial data as of and for the nine-month periods ended September 30, 2012 and 2011 has been derived from the unaudited condensed consolidated financial statements of Georgia Gulf and is not necessarily indicative of the results or financial condition to be expected for the remainder of the year or for any future period. Georgia Gulf's management believes that the unaudited condensed consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results and the financial condition as of and for the interim periods presented. This information is only a summary and should be read in conjunction with the financial statements of Georgia Gulf and the notes thereto and the Management's Discussion and Analysis of Financial Condition and Results of Operations section contained in Georgia Gulf's annual report on Form 10-K for the year ended December 31, 2011 and quarterly report on Form 10-Q for the period ended September 30, 2012, each of which is incorporated by reference into this document. See [Where You Can Find More Information; Incorporation by Reference](#).

(In millions, except per share data, percentages and employees)	As of and for the Nine Months Ended September 30,		As of and for the Year Ended December 31,		
	2012	2011	2011	2010	2009
<b>Results of Operations:</b>					
Net sales	\$ 2,541	\$ 2,549	\$ 3,223	\$ 2,818	\$ 1,990
Cost of sales	2,210	2,292	2,920	2,544	1,779
Selling, general and administrative expenses	153	130	168	160	183
Long-lived asset impairment charges			8		22
Transaction related costs, restructuring and other, net	26	1	3		7
(Gains) losses on sale of assets	(19)	(1)	(1)		
Operating income (loss)	171	127	125	114	(1)
Interest expense	(44)	(50)	(65)	(69)	(131)
Loss on redemption and other debt costs		(1)	(5)		(43)
Gain on debt exchange					401
Foreign exchange loss	(1)	(1)	(1)	(1)	(1)
Interest income					1
Income from operations before taxes	126	75	54	44	226
Provision (benefit) for income taxes	38	14	(4)	1	95
Income from operations	88	61	58	43	131
Net income	\$ 88	\$ 61	\$ 58	\$ 43	\$ 131
Basic earnings per share	\$ 2.54	\$ 1.75	\$ 1.66	\$ 1.22	\$ 8.27
Diluted earnings per share	\$ 2.53	\$ 1.75	\$ 1.66	\$ 1.22	\$ 8.26

**Table of Contents****Index to Financial Statements**

(In millions, except per share data,

	As of and for the Nine Months Ended September 30,		As of and for the Year Ended December 31,		
	2012	2011	2011	2010	2009
<b>percentages and employees)</b>					
<b>Financial Highlights:</b>					
Net working capital	\$ 448	\$ 407	\$ 385	\$ 400	\$ 341
Property, plant and equipment, net	637	641	641	653	688
Total assets	1,801	1,835	1,644	1,666	1,605
Total debt	498	592	497	578	633
Lease financing obligation	114	108	110	112	106
Net cash (used in) provided by operating activities	66	20	187	184	1
Net cash (used in) investing activities	(32)	(115)	(137)	(45)	(26)
Net cash (used in) provided by financing activities	(5)	16	(86)	(56)	(29)
Depreciation and amortization	68	78	102	100	117
Capital expenditures	56	44	66	46	30
Acquisition, net of cash acquired		71	71		
Maintenance expenditures	129	107	109	137	104
Other Selected Data:					
Adjusted EBITDA(1)	\$ 237	\$ 194	\$ 223	\$ 201	\$ 155
Weighted average common shares outstanding basic	34	34	34	34	15
Weighted average common shares outstanding diluted	35	34	34	34	15
Common shares outstanding	35	34	34	34	34
Return on sales	3.5%	2.4%	1.8%	1.5%	5.8%
Employees	3,758	3,994	3,744	3,619	3,489

- (1) For the reconciliation of Adjusted EBITDA to net income determined in accordance with GAAP, see Selected Historical and Pro Forma Financial Data Selected Historical Consolidated Financial Data of Georgia Gulf.

**Table of Contents****Index to Financial Statements****Summary Unaudited Pro Forma Condensed Combined Financial Information of Georgia Gulf and the PPG Chlor-alkali and Derivatives Business**

The following summary unaudited pro forma condensed combined financial information of Georgia Gulf and the PPG Chlor-alkali and Derivatives Business is being presented for illustrative purposes only, and this information should not be relied upon for purposes of making any investment or other decisions. The following summary unaudited pro forma condensed combined financial data assumes that the PPG Chlor-alkali and Derivatives Business had been owned by Georgia Gulf for all periods, and at the date presented. Georgia Gulf and the PPG Chlor-alkali and Derivatives Business may have performed differently had they actually been combined for all periods or on the date presented. You should also not rely on the following summary unaudited pro forma condensed combined financial data as being indicative of the results or financial condition that would have been achieved had Georgia Gulf and the PPG Chlor-alkali and Derivatives Business been combined other than during the periods or on the date presented or of the actual future results or financial condition of Georgia Gulf to be achieved following the Transactions.

(In millions, except per share data)	As of and for the Nine Months Ended September 30, 2012	For the Year Ended December 31, 2011
<b>Results of Operations:</b>		
Net sales	\$ 3,794	\$ 4,876
Cost of sales	3,109	4,134
Net income	220	203
Net income attributable to controlling shareholders	212	193
Basic earnings per share	\$ 3.03	\$ 2.75
Diluted earnings per share	\$ 3.02	\$ 2.75
<b>Financial Highlights:</b>		
Total assets	\$ 5,381	
Total liabilities	3,104	
<b>Other Selected Data:</b>		
Adjusted EBITDA(1)	\$ 561	\$ 637
Weighted average common shares outstanding basic	70	69
Weighted average common shares outstanding diluted	70	69

- (1) In addition to evaluating financial condition and results of operations in accordance with GAAP, management of Georgia Gulf also reviews and evaluates certain alternative financial measures not prepared in accordance with GAAP. Non-GAAP measures do not have definitions under GAAP and may be defined differently by and not be comparable to, similarly titled measures used by other companies. As a result, management of Georgia Gulf considers and evaluates non-GAAP measures in connection with a review of the most directly comparable measure calculated in accordance with GAAP. Management of Georgia Gulf cautions investors not to place undue reliance on such non-GAAP measures, but also to consider them with the most directly comparable GAAP measure.

In this document, Georgia Gulf supplements its financial information prepared in accordance with GAAP with Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization, cash and non-cash restructuring and certain other costs related to financial restructuring and business improvement initiatives, gains or losses on substantial modification of debt and sales of certain assets, certain purchase accounting and certain non-income tax reserve adjustments, professional fees related to a previously disclosed and withdrawn unsolicited offer and the Merger, goodwill, intangibles, and other long-lived asset impairments, and interest expense related to the OMERS sale-leaseback transaction) because Georgia Gulf believes investors commonly use Adjusted EBITDA as a main component of valuing cyclical companies such as

**Table of Contents****Index to Financial Statements**

Georgia Gulf. Adjusted EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to net income (loss) as a measure of performance or to cash provided by operating activities as a measure of liquidity. In addition, Georgia Gulf's calculation of Adjusted EBITDA may be different from the calculation used by other companies and, therefore, comparability may be limited.

A reconciliation of Adjusted EBITDA to net income (loss) determined in accordance with GAAP is provided below:

(in millions)	Nine Months Ended September 30, 2012				
	Historical Georgia Gulf	PPG Chlor- alkali and Derivatives Business	Pro Forma Adjustments		Pro Forma Condensed Combined
			Acquisition Adjustments	Financing Adjustments	
Net income	\$ 88.3	\$ 193.0	\$ (34.4)	\$ (26.9)	\$ 220.0
Net income attributable to non-controlling interests		(10.0)	2.1		(7.9)
(Benefit) provision for income taxes	38.1	95.0	(20.7)	(16.1)	96.3
Interest income	(0.2)				(0.2)
Interest expense	43.8			43.0	86.8
Depreciation and amortization expense	68.0	32.0	82.4		182.4
Transaction related costs, restructuring and other, net	26.4	1.0	(16.3)		11.1
(Gains) losses on sale of assets	(19.3)				(19.3)
Other(a)	(8.6)				(8.6)
Adjusted EBITDA	\$ 236.5	\$ 311.0	\$ 13.1	\$	\$ 560.6

(in millions)	Year Ended December 31, 2011				
	Historical Georgia Gulf	PPG Chlor- alkali and Derivatives Business	Pro Forma Adjustments		Pro Forma Condensed Combined
			Acquisition Adjustments	Financing Adjustments	
Net income	\$ 57.8	\$ 246.0	\$ (65.2)	\$ (35.8)	\$ 202.8
Net income attributable to non-controlling interests		(13.0)	3.0		(10.0)
(Benefit) provision for income taxes	(4.3)	122.0	(39.1)	(21.5)	57.1
Interest income	(0.3)				(0.3)
Loss on redemption and other debt costs	4.9				4.9
Interest expense	65.7			57.3	123.0
Depreciation and amortization expense	101.5	41.0	109.8		252.3
Long-lived asset impairment charges	8.3				8.3
Restructuring costs	3.3				3.3
(Gains) losses on sale of assets	(1.2)				(1.2)
Other(a)	(12.8)		9.3		(3.5)
Adjusted EBITDA	\$ 222.9	\$ 396.0	\$ 17.8	\$	\$ 636.7

- (a) Other for Georgia Gulf for the nine months ended September 30, 2012 consists of \$3.0 million of loan cost amortization and \$5.5 million of lease financing obligations interest. For the year ended December 31, 2011, Other for Georgia Gulf consists of \$4.1 million in loan cost amortization, \$7.4 million of lease financing obligations interest and a \$4.4 million reversal of non-income tax reserves, partially offset by \$3.0 million in





**Table of Contents****Index to Financial Statements**

acquisition costs and inventory purchase accounting adjustments. For the year ended December 31, 2011, Other in the Acquisition Adjustments column consists of \$9.3 million inventory purchase accounting adjustment.

- (b) The following is a reconciliation of the acquisition adjustments made to depreciation in Note 2, Acquisition Adjustments in the Unaudited Pro Forma Condensed Combined Financial Statements to the acquisition adjustments made to depreciation contained in this reconciliation of Adjusted EBITDA:

(in millions)	Nine months ended September 30, 2012	Year ended December 31, 2011
An increase in depreciation expense resulting from an increase in the value of the PPG Chlor-alkali and Derivatives Business's property, plant and equipment	\$ 28.7	\$ 38.2
An increase in amortization expense resulting from adjustments to intangible assets	53.7	71.6
Depreciation and amortization expense pro forma acquisition adjustment included in the reconciliation of Adjusted EBITDA to net income (loss) determined in accordance with GAAP	\$ 82.4	\$ 109.8

**Summary Comparative Historical and Pro Forma Per Share Data**

The following table sets forth certain historical and pro forma per share data for Georgia Gulf. The historical data has been derived from and should be read together with Georgia Gulf's audited consolidated financial statements and related notes thereto contained in Georgia Gulf's annual report on Form 10-K for the fiscal year ended December 31, 2011, and Georgia Gulf's unaudited condensed consolidated financial statements and related notes thereto contained in Georgia Gulf's quarterly report on Form 10-Q for the period ended September 30, 2012, each of which are incorporated by reference into this document. See Where You Can Find More Information; Incorporation by Reference. The pro forma data has been derived from the unaudited pro forma condensed combined financial statements of Georgia Gulf and the PPG Chlor-alkali and Derivatives Business included elsewhere in this document.

This summary comparative historical and pro forma per share data is being presented for illustrative purposes only. Georgia Gulf and the PPG Chlor-alkali and Derivatives Business may have performed differently had the Transactions occurred prior to the periods or at the date presented. You should not rely on the pro forma per share data presented as being indicative of the results that would have been achieved had Georgia Gulf and the PPG Chlor-alkali and Derivatives Business been combined during the periods or at the date presented or of the actual future results or financial condition of Georgia Gulf and the PPG Chlor-alkali and Derivatives Business to be achieved following the Transactions.

	As of and for the Nine Months Ended September 30, 2012		As of and for the Year Ended December 31, 2011	
	Historical	Pro Forma	Historical	Pro Forma
(shares in thousands)				
Basic earnings per share	\$ 2.54	\$ 3.03	\$ 1.66	\$ 2.75
Diluted earnings per share	\$ 2.53	\$ 3.02	\$ 1.66	\$ 2.75
Weighted average common shares outstanding Basic	34,413	69,649	34,086	69,332
Weighted average common shares outstanding Diluted	34,641	69,887	34,122	69,367
Book value per share of common stock	\$ 14.09	\$ 30.03	\$ 14.05	
Dividends declared per share of common stock	\$ 0.16	\$ 0.16		



**Table of Contents****Index to Financial Statements****Historical Common Stock Market Price Data**

Historical common stock market price data for the PPG Chlor-alkali and Derivatives Business does not exist as the PPG Chlor-alkali and Derivatives Business currently does not operate as a stand-alone entity. As such, shares of common stock associated therewith are not currently listed on a public stock exchange and are not publicly traded.

Shares of Georgia Gulf common stock currently trade on the NYSE under the symbol GGC. On July 18, 2012, the last trading day before the announcement of the Transactions, the last sale price of Georgia Gulf common stock reported by the NYSE was \$28.85. On December 5, 2012, the last sale price of Georgia Gulf common stock reported by the NYSE was \$44.18.

The following table sets forth the high and low sale prices of Georgia Gulf common stock on the NYSE for the periods indicated. The quotations are as reported in published financial sources. For current price information, Georgia Gulf stockholders are urged to consult publicly available sources. See Selected Historical and Pro Forma Financial Data Historical Common Stock Market Price Data.

	<b>Georgia Gulf Common Stock Price</b>	
	<b>High</b>	<b>Low</b>
<b>Year Ending December 31, 2012</b>		
First Quarter	\$ 35.56	\$ 20.24
Second Quarter	\$ 37.24	\$ 23.80
Third Quarter	\$ 40.88	\$ 24.52
Fourth Quarter (through December 5, 2012)	\$ 47.17	\$ 35.27
<b>Year Ended December 31, 2011</b>		
First Quarter	\$ 38.15	\$ 23.68
Second Quarter	\$ 40.59	\$ 22.57
Third Quarter	\$ 25.35	\$ 13.69
Fourth Quarter	\$ 20.83	\$ 12.19
<b>Year Ended December 31, 2010</b>		
First Quarter	\$ 19.08	\$ 13.91
Second Quarter	\$ 21.79	\$ 13.26
Third Quarter	\$ 17.00	\$ 11.11
Fourth Quarter	\$ 24.75	\$ 15.61

**Georgia Gulf Dividend Policy**

On May 21, 2012, Georgia Gulf declared a cash dividend of \$0.08 per share, Georgia Gulf's first dividend since 2008. This dividend was paid on July 10, 2012. Georgia Gulf also declared a cash dividend of \$0.08 per share on September 11, 2012, which was paid on October 10, 2012. Pursuant to the Merger Agreement, Georgia Gulf has agreed not to pay a quarterly dividend of greater than \$0.08 per share until after the consummation of the Merger and indicated its intent to pay quarterly dividends from and after the consummation of the Merger at no less than the current rate of \$0.32 per share per annum, although the payment of cash dividends in the future will be at the discretion of Georgia Gulf's board of directors. The declaration of any cash dividends, and the amount thereof, will depend on many factors, including Georgia Gulf's financial condition, capital requirements, funds from operations, the dividend taxation level, Georgia Gulf's stock price, future business prospects, and any other factors, as Georgia Gulf's board of directors may deem relevant. Additionally, the ABL Revolver and the indenture governing Georgia Gulf's 9.0 percent senior secured notes due 2017 (the 9 percent notes) place significant restrictions on Georgia Gulf's ability to pay dividends, and other indebtedness Georgia Gulf may incur in the future, including the New ABL Revolver (as defined and described in the section of this document entitled Debt Financing New ABL Revolver), may contain similar restrictions.

---

**Table of Contents**

**Index to Financial Statements**

**RISK FACTORS**

*You should carefully consider each of the following risks and all of the other information contained and incorporated by reference in this document and the annexes hereto. Some of the risks described below relate principally to the business and the industry in which Georgia Gulf, including the PPG Chlor-alkali and Derivatives Business, will operate after the Transactions, while others relate principally to the Transactions. The remaining risks relate principally to the securities markets generally and ownership of Georgia Gulf common stock. The risks described below are not the only risks that Georgia Gulf currently faces or will face after the consummation of the Transactions.*

**Risks Related to the Transactions**

***The calculation of the merger consideration will not be adjusted if the value of the business or assets of the PPG Chlor-alkali and Derivatives Business declines or if the value of Georgia Gulf increases before the Merger is completed.***

The calculation of the number of shares of Georgia Gulf common stock to be distributed in the Merger will not be adjusted if the value of the business or assets of the PPG Chlor-alkali and Derivatives Business declines prior to the consummation of the Merger or the value of Georgia Gulf increases prior to the Merger. Georgia Gulf will not be required to consummate the Merger if there has been any material adverse effect (as this term is described in the section of this document entitled "The Merger Agreement Representations and Warranties") on the PPG Chlor-alkali and Derivatives Business. However, Georgia Gulf will not be permitted to terminate the Merger Agreement or resolicit the vote of Georgia Gulf stockholders because of any changes in the market prices of Georgia Gulf's common stock or any changes in the value of the PPG Chlor-alkali and Derivatives Business that do not constitute a material adverse effect on the PPG Chlor-alkali and Derivatives Business.

***Georgia Gulf will incur significant costs related to the consummation of the Transactions that could have a material adverse effect on its liquidity, cash flows and operating results.***

Georgia Gulf will incur significant, one-time costs in connection with the Transactions, including approximately (1) \$25 to \$30 million of advisory, legal, accounting and other professional fees related to the Transactions, (2) \$30 to \$40 million of financing related fees and (3) \$55 million in transition and integration expenses, such as consulting professionals' fees, information technology implementation costs and relocation and severance costs, that Georgia Gulf management believes are necessary to realize approximately \$115.0 million of annualized cost synergies within two years from the consummation of the Transactions. These costs may have a material adverse impact on Georgia Gulf's liquidity, cash flows and operating results in the periods in which they are incurred.

***Georgia Gulf will have a substantial amount of long-term indebtedness and liabilities following the Transactions, which could adversely affect its liquidity, operations and financial condition.***

Georgia Gulf has a significant amount of indebtedness and, following the consummation of the Transactions, will continue to have significant indebtedness and liabilities. In addition, as of September 30, 2012, on an actual and a pro forma basis after giving effect to the Transactions, Georgia Gulf had and would have had outstanding long-term indebtedness and liabilities of \$1.2 billion and \$3.1 billion, respectively. Georgia Gulf also has and will continue to have the ability to incur a significant amount of additional debt. After the consummation of the Transactions, Georgia Gulf's indebtedness could have important consequences, including but not limited to:

limiting its ability to invest operating cash flow in its operations due to debt service and other obligations;

limiting its ability to obtain additional debt or equity financing for working capital expenditures or other general corporate purposes;

---

**Table of Contents**

**Index to Financial Statements**

limiting its operational flexibility due to the covenants contained in its debt agreements;

requiring it to dispose of significant assets in order to satisfy its debt service and other obligations if it is not able to satisfy these obligations from cash from operations or other sources;

to the extent that Georgia Gulf's debt is subject to floating interest rates, increasing Georgia Gulf's vulnerability to fluctuations in market interest rates;

limiting Georgia Gulf's ability to buy back Georgia Gulf common stock or pay cash dividends;

limiting its flexibility in planning for, or reacting to, changes in its business or industry, thereby limiting its ability to compete with companies that are not as highly leveraged; and

increasing its vulnerability to economic downturns and changing market conditions.

Georgia Gulf's ability to satisfy its debt service and other obligations will depend on its future performance, which will be affected by financial, business, economic and other factors, including prices, industry capacity levels and demand for Georgia Gulf's products, raw materials and energy costs and availability, feedstock availability and changes in governmental and environmental regulations. If Georgia Gulf does not generate enough cash to satisfy its debt service and other obligations, it may be required to refinance all or part of its existing debt, sell its assets, borrow more money or raise equity. There is no assurance that Georgia Gulf will be able to, at any given time, refinance its debt, sell its assets, borrow more money or raise capital on terms acceptable to it or at all.

***Georgia Gulf will assume certain material pension and post-retirement welfare benefit obligations associated with the PPG Chlor-alkali and Derivatives Business. Future funding obligations related to these liabilities could restrict cash available for Georgia Gulf's operations, capital expenditures or other requirements, or require Georgia Gulf to borrow additional funds.***

In the Transactions, Georgia Gulf, through its wholly owned subsidiary Splitco, will assume certain substantial tax-qualified and non tax-qualified pension obligations related to employees and retirees of the PPG Chlor-alkali and Derivatives Business. In connection therewith, the legally required level of pension assets will be transferred from the tax-qualified PPG pension plans to the new pension plans to be established by Georgia Gulf in respect of those liabilities. In addition to the standard minimum funding requirements, the Pension Protection Act of 2006 (the Pension Act) (as amended by the Worker, Retiree and Employer Recovery Act of 2008) requires companies with tax-qualified defined benefit pension plans to make contributions to such plans as frequently as quarterly in order to meet the funding target for such plans, as defined in the Pension Act. The failure to meet the funding target could result in the imposition of fines or penalties. Funding obligations with respect to tax-qualified pension plans change due to, among other things, the actual investment return on plan assets. Continued volatility in the capital markets may have a further negative impact on the funded status of tax-qualified pension plans, which may in turn increase attendant funding obligations. The unfunded status of the pension obligations to be assumed by Georgia Gulf calculated on a projected benefit obligation basis as of December 31, 2011 was approximately \$80 million, of which the unfunded non-qualified pension liabilities to be assumed by Georgia Gulf were calculated to be approximately \$25 million as of December 31, 2011. The unfunded other post-retirement benefits obligations to be assumed by Georgia Gulf as of December 31, 2011 were approximately \$177 million. Georgia Gulf estimates that it will fund approximately \$20 million to \$25 million to the assumed pension and other post retirement benefit plans for the year ended December 31, 2013. Given the amount of pension assets transferred from the tax-qualified PPG pension plans to the new pension plans to be established by Georgia Gulf, and subject to the foregoing variables, and the uncertainties associated therewith, it is possible that Georgia Gulf could be required to make substantial contributions in future years to the new pension plans. These contributions could restrict available cash for Georgia Gulf's operations, capital expenditures and other requirements, and may materially adversely affect its financial condition and liquidity. Nonqualified pension liabilities to be assumed by Georgia Gulf are unfunded and no assets will be transferred by PPG to Georgia Gulf in respect of these liabilities. These obligations will require annual funding that could restrict cash available to Georgia Gulf for other purposes.



**Table of Contents**

**Index to Financial Statements**

The principal post-retirement welfare benefit liabilities to be assumed by Georgia Gulf related to retirees associated with the PPG Chlor-alkali and Derivatives Business are obligations to provide retiree health benefits. No assets will be transferred by PPG to Georgia Gulf in respect of these liabilities as these obligations are unfunded. The obligations to make payment with respect to these liabilities in the future may increase for several reasons, including, but not limited to, because of health care costs escalation. These obligations will require annual funding that could restrict cash available to Georgia Gulf for use for other purposes.

While Georgia Gulf intends to comply with any future funding obligations for its pension and post-retirement welfare benefit plans through the use of cash from operations, there can be no assurance that Georgia Gulf will generate enough cash to do so and also meet its other required or intended cash uses. Georgia Gulf's inability to fund these obligations through cash from operations could require it to seek funding from other sources, including through additional borrowings, which could materially increase Georgia Gulf's outstanding debt or debt service requirements.

***Current Georgia Gulf stockholders' ownership interest in Georgia Gulf will be substantially diluted in the Merger.***

Following the consummation of the Merger, Georgia Gulf's stockholders will, in the aggregate, own a significantly smaller percentage of Georgia Gulf than they will own of Georgia Gulf immediately prior to the Merger. Following the consummation of the Merger, Georgia Gulf's stockholders immediately prior to the Merger are expected to collectively hold 49.5% of Georgia Gulf's common stock immediately after the Merger. Under limited circumstances described in the section of this document entitled "The Merger Agreement Merger Consideration," pre-Merger Georgia Gulf stockholders could own less than 49.5% of Georgia Gulf common stock following the consummation of the Merger and under such circumstances, there is no minimum percentage of Georgia Gulf common stock that pre-Merger Georgia Gulf stockholders may own. Consequently, Georgia Gulf's stockholders, as a group, will be able to exercise less influence over the management and policies of Georgia Gulf following the Merger than they will exercise over the management and policies of Georgia Gulf immediately prior to the Merger.

***Sales of Georgia Gulf common stock after the Transactions may negatively affect the market price of Georgia Gulf common stock.***

The shares of Georgia Gulf common stock to be issued in the Transactions to holders of Splitco common stock will generally be eligible for immediate resale. The market price of Georgia Gulf common stock could decline as a result of sales of a large number of shares of Georgia Gulf common stock in the market after the consummation of the Transactions or even the perception that these sales could occur.

It is expected that immediately after consummation of the Merger, pre-Merger holders of Splitco common stock will hold 50.5% of Georgia Gulf's common stock and Georgia Gulf's existing stockholders will hold 49.5% of Georgia Gulf's common stock, subject to potential adjustment under limited circumstances as described in the section of this document entitled "The Merger Agreement Merger Consideration." Currently, PPG shareholders may include index funds that have performance tied to the Standard & Poor's 500 Index or other stock indices, and institutional investors subject to various investing guidelines. Because Georgia Gulf may not be included in these indices following the consummation of the Transactions or may not meet the investing guidelines of some of these institutional investors, these index funds and institutional investors may decide to or may be required to sell the Georgia Gulf common stock that they receive in the Transactions. In addition, the investment fiduciaries of PPG's defined contribution and defined benefit plans may decide to sell any Georgia Gulf common stock that the trusts for these plans receive in the Transactions, or may decide not to participate in the exchange offer, in response to their fiduciary obligations under applicable law. These sales, or the possibility that these sales may occur, may also make it more difficult for Georgia Gulf to obtain additional capital by selling equity securities in the future at a time and at a price that it deems appropriate.

---

**Table of Contents**

**Index to Financial Statements**

***The historical financial information of the PPG Chlor-alkali and Derivatives Business may not be representative of its results or financial condition if it had been operated independently of PPG and, as a result, may not be a reliable indicator of its future results.***

The PPG Chlor-alkali and Derivatives Business is currently operated by PPG. Consequently, the financial information of the PPG Chlor-alkali and Derivatives Business included in this document has been derived from the consolidated financial statements and accounting records of the PPG Chlor-alkali and Derivatives Business and reflects all direct costs as well as assumptions and allocations made by management of PPG. The financial position, results of operations and cash flows of the PPG Chlor-alkali and Derivatives Business presented may be different from those that would have resulted had the PPG Chlor-alkali and Derivatives Business been operated independently of PPG during the applicable periods or at the applicable dates. For example, in preparing the financial statements of the PPG Chlor-alkali and Derivatives Business, PPG made allocations of costs and PPG corporate expenses deemed to be attributable to the PPG Chlor-alkali and Derivatives Business. However, these costs and expenses reflect the costs and expenses attributable to the PPG Chlor-alkali and Derivatives Business operated as part of a larger organization and do not necessarily reflect costs and expenses that would be incurred by the PPG Chlor-alkali and Derivatives Business had it been operated independently. As a result, the historical financial information of the PPG Chlor-alkali and Derivatives Business may not be a reliable indicator of future results.

***Georgia Gulf may be unable to provide the same types and level of benefits, services and resources to the PPG Chlor-alkali and Derivatives Business that historically have been provided by PPG, or may be unable to provide them at the same cost.***

As a separate reporting segment of PPG, the PPG Chlor-alkali and Derivatives Business has been able to receive benefits and services from PPG and has been able to benefit from PPG's financial strength and extensive business relationships. After the Transactions, the PPG Chlor-alkali and Derivatives Business will be owned by Georgia Gulf and will no longer benefit from PPG's resources. While Georgia Gulf expects to enter into an agreement under which PPG will agree to provide certain transition services for up to 24 months following the consummation of the Transactions, it cannot be assured that Georgia Gulf will be able to adequately replace those resources or replace them at the same cost. If Georgia Gulf is not able to replace the resources provided by PPG or is unable to replace them at the same cost or is delayed in replacing the resources provided by PPG, Georgia Gulf's results of operations may be materially adversely impacted.

***Georgia Gulf's business, financial condition and results of operations may be adversely affected following the Transactions if Georgia Gulf cannot negotiate terms that are as favorable as those PPG has received when Georgia Gulf replaces contracts after the closing of the Transactions.***

Prior to consummation of the Transactions, certain functions (such as purchasing, information systems, sales, logistics and distribution) for the PPG Chlor-alkali and Derivatives Business are generally being performed under PPG's centralized systems and, in some cases, under contracts that are also used for PPG's other businesses and which are not intended to be assigned to Georgia Gulf with the PPG Chlor-alkali and Derivatives Business. In addition, some other contracts that PPG is a party to on behalf of the PPG Chlor-alkali and Derivatives Business require consents of third parties to assign them to Splitco. While PPG, under the Transition Services Agreement, will agree to provide Georgia Gulf with certain services, there can be no assurance that Georgia Gulf will be able to obtain those consents or negotiate terms that are as favorable as those PPG received when and if Georgia Gulf replaces these services with its own agreements for similar services. Although Georgia Gulf believes that it will be able to obtain any such consents or enter into new agreements for similar services, it is possible that the failure to replace a significant number of these agreements for any of these services could have a material adverse impact on Georgia Gulf following the Transactions.



---

**Table of Contents****Index to Financial Statements**

*If the Distribution, including the Debt Exchange, does not qualify as a tax-free transaction under Section 368(a)(1)(D) or 355 of the Code or the Merger does not qualify as a tax-free reorganization under Section 368(a) of the Code, including as a result of actions taken in connection with the Distribution or the Merger or as a result of subsequent acquisitions of shares of PPG, Georgia Gulf or Splitco common stock, then PPG and/or PPG shareholders may be required to pay substantial U.S. federal income taxes, and, in certain circumstances, Splitco and Georgia Gulf may be required to indemnify PPG for any such tax liability.*

The consummation of the Transactions is conditioned on PPG's receipt of the Private Letter Ruling (as defined below in the section of this document entitled "The Transactions Material U.S. Federal Income Tax Consequences of the Distribution and the Merger The Distribution"). The consummation of the Transactions is also conditioned on the receipt by PPG of the Distribution Tax Opinion and a Merger Tax Opinion (as defined below in the section of this document entitled "The Transactions Material U.S. Federal Income Tax Consequences of the Distribution and the Merger The Merger"), and by Georgia Gulf of a Merger Tax Opinion.

Although a private letter ruling from the IRS generally is binding on the IRS, PPG and Splitco will not be able to rely on the Private Letter Ruling if the factual representations made to the IRS in connection with the request for the Private Letter Ruling are untrue or incomplete in any material respect, or if undertakings made to the IRS in connection with the request for the Private Letter Ruling have been violated. In addition, the opinions of counsel will be based on, among other things, the Private Letter Ruling as to the matters addressed by the ruling, current law and certain representations and assumptions as to factual matters made by PPG, Splitco, Georgia Gulf and Merger Sub. Any change in currently applicable law, which may be retroactive, or the failure of any representation or assumption to be true, correct and complete in all material respects, could adversely affect the conclusions reached by counsel in the opinions. See "The Transactions Material U.S. Federal Income Tax Consequences of the Distribution and the Merger."

Even if the Distribution were to otherwise qualify as a tax-free transaction under Sections 368(a)(1)(D) and 355 of the Code, the Distribution would be taxable to PPG (but not to PPG shareholders) pursuant to Section 355(e) of the Code if there is a 50% or greater change in ownership of either PPG or Splitco (including stock of Georgia Gulf after the Merger), directly or indirectly, as part of a plan or series of related transactions that include the Distribution. For this purpose, any acquisitions of PPG, Splitco or Georgia Gulf stock within the period beginning two years before the Distribution and ending two years after the Distribution are presumed to be part of such a plan, although PPG, Splitco or Georgia Gulf may be able to rebut that presumption. Further, for purposes of this test, the Merger will be treated as part of such a plan, but the Merger standing alone should not cause the Distribution to be taxable to PPG under Section 355(e) of the Code because pre-Merger holders of Splitco common stock will hold at least 50.5% of Georgia Gulf common stock immediately following the Merger. However, if the IRS were to determine that other acquisitions of PPG, Splitco or Georgia Gulf stock, either before or after the Distribution, were part of a plan or series of related transactions that included the Distribution, such determination could result in significant tax to PPG. In connection with the Private Letter Ruling and the Distribution Tax Opinion, PPG and Georgia Gulf have represented or will represent that the Distribution is not part of any such plan or series of related transactions.

In certain circumstances, under the Tax Matters Agreement, Splitco is (and Georgia Gulf, if applicable, will be) required to indemnify PPG against any taxes on the Distribution that arise as a result of certain actions or failures to act by Georgia Gulf or Splitco, any event (or series of events) after the Transactions involving the stock or assets of Splitco, or any breach by Georgia Gulf or, after the Transactions, Splitco of any representation or covenant made by them in the Tax Matters Agreement (a "disqualifying action"). If PPG were to recognize gain on the Distribution for reasons not related to a disqualifying action by Splitco or Georgia Gulf, PPG would not generally be entitled to be indemnified under the Tax Matters Agreement and the resulting tax to PPG could have a material adverse effect on PPG. In addition, in certain circumstances, under the Tax Matters Agreement, Splitco is (and Georgia Gulf will be) required to indemnify PPG against taxes on the Merger that arise as a result of a disqualifying action by Splitco or Georgia Gulf. If PPG were to recognize gain on the Merger for reasons not

## Table of Contents

### Index to Financial Statements

related to a disqualifying action by Splitco or Georgia Gulf, PPG would generally not be entitled to indemnification by Splitco (or Georgia Gulf) under the Tax Matters Agreement. If Splitco (or Georgia Gulf, if applicable) is required to indemnify PPG if the Distribution or the Merger is taxable, this indemnification obligation would be substantial and could have a material adverse effect on Georgia Gulf, including with respect to its financial condition and results of operations.

*Splitco and Georgia Gulf may be affected by significant restrictions following the Transactions in order to avoid significant tax-related liabilities.*

The Tax Matters Agreement generally will prohibit Splitco, Georgia Gulf and their affiliates from taking certain actions that could cause the Distribution, the Merger and certain related transactions to fail to qualify as tax-free transactions. In particular, for a two-year period following the date of the Distribution, Splitco may not:

enter into any transaction or series of transactions (or any agreement, understanding or arrangement) as a result of which one or more persons would acquire (directly or indirectly) stock comprising 50% or more of the vote or value of Splitco (taking into account the stock of Splitco acquired pursuant to the Merger);

redeem or repurchase any stock or stock rights;

amend its certificate of incorporation or take any other action affecting the relative voting rights of its capital stock;

merge or consolidate with any other person (other than pursuant to the Merger);

take any other action that would, when combined with any other direct or indirect changes in ownership of Splitco capital stock (including pursuant to the Merger), have the effect of causing one or more persons to acquire stock comprising 50% or more of the vote or value of Splitco, or would reasonably be expected to adversely affect the tax-free status of the Transactions;

liquidate or partially liquidate;

discontinue the active conduct of the PPG Chlor-alkali and Derivatives Business; or

sell, transfer or otherwise dispose of assets (including stock of subsidiaries) that constitute more than 30% of the consolidated gross assets of Splitco and/or its subsidiaries (subject to exceptions for, among other things, ordinary course dispositions and repayments or prepayments of Splitco debt).

If Splitco (or Georgia Gulf, if applicable) intends to take any such restricted action, Splitco (or Georgia Gulf, if applicable) will be required to cooperate with PPG in obtaining a supplemental IRS ruling or an unqualified tax opinion reasonably acceptable to PPG to the effect that such action will not affect that status of the Distribution, the Merger and certain related transactions as tax-free transactions. However, if Splitco (or Georgia Gulf, if applicable) takes any of the actions above and such actions result in tax-related losses to PPG, then Splitco (or Georgia Gulf, if applicable) generally will be required to indemnify PPG for such losses, without regard to whether PPG has given Splitco prior consent. See Other Agreements Tax Matters Agreement.

Due to these restrictions and indemnification obligations under the Tax Matters Agreement, Georgia Gulf may be limited in its ability to pursue strategic transactions, equity or convertible debt financings or other transactions that may otherwise be in Georgia Gulf's best interests. Also, Georgia Gulf's potential indemnity obligation to PPG might discourage, delay or prevent a change of control during this two-year period that

Georgia Gulf stockholders may consider favorable to its ability to pursue strategic transactions, equity or convertible debt financings or other transactions that may otherwise be in Georgia Gulf's best interests.

## **Table of Contents**

### **Index to Financial Statements**

*Failure to consummate the Transactions could adversely impact the market price of Georgia Gulf's common stock as well as Georgia Gulf's business, financial condition and results of operations.*

If the Transactions are not completed for any reason, the price of Georgia Gulf's common stock may decline. In addition, Georgia Gulf may be subject to additional risks, including:

depending on the reasons for and the timing of the termination of the Transaction Agreement, the requirement in the Transaction Agreement that Georgia Gulf pay PPG a termination fee of \$24.5 million or reimburse PPG for certain out-of-pocket costs relating to the Transactions;

substantial costs related to the Transactions, such as legal, accounting, regulatory filing, financial advisory and financial printing fees, which must be paid regardless of whether the Transactions are completed; and

potential disruption to the business of Georgia Gulf and distraction of its workforce and management team.

*The Merger Agreement contains provisions that may discourage other companies from trying to acquire Georgia Gulf. In addition, Georgia Gulf will have more shares of its common stock outstanding after the Transactions, which may discourage other companies from trying to acquire Georgia Gulf.*

The Merger Agreement contains provisions that may discourage a third-party from submitting a business combination proposal to Georgia Gulf prior to the closing of the Transactions that might result in greater value to Georgia Gulf stockholders than the Transactions. For example, the Merger Agreement generally prohibits Georgia Gulf from soliciting any takeover proposal. In addition, if the Merger Agreement is terminated by Georgia Gulf or PPG in circumstances that obligate Georgia Gulf to pay a termination fee or to reimburse transaction expenses to PPG, Georgia Gulf's liquidity or financial condition may be materially adversely affected as a result of such payment, and the requirement to make such a payment might deter third parties from proposing alternative business combination proposals. In addition, the Merger Agreement requires that Georgia Gulf seek stockholder approval for the issuance of shares of Georgia Gulf common stock in the Merger, even if the Georgia Gulf board of directors changes its recommendation regarding the issuance of shares of Georgia Gulf common stock in the Merger.

Georgia Gulf expects to issue approximately 35,236,010 shares of its common stock as part of the Transactions. Because Georgia Gulf will be a significantly larger company and have significantly more shares of its common stock outstanding after the Transactions, an acquisition of Georgia Gulf may become more expensive. As a result, some companies may not seek to acquire Georgia Gulf, and the reduction in potential parties that may seek to acquire Georgia Gulf could negatively impact the prices at which Georgia Gulf's common stock trades.

### **Other Risks that Relate to Georgia Gulf, Including the PPG Chlor-alkali and Derivatives Business After the Transactions**

*The chemicals industry is cyclical, seasonal and volatile, experiencing alternating periods of tight supply and overcapacity, and the building products industry is also cyclical and seasonal. This cyclicity adversely impacts Georgia Gulf's capacity utilization and causes fluctuations in Georgia Gulf's results of operations.*

Georgia Gulf's historical operating results for its chemical businesses have tended to reflect the cyclical and volatile nature of the chemicals industry. Georgia Gulf expects to continue to be subject to the cyclicity and volatility following the consummation of the Transactions. Historically, periods of tight supply of commodity chemicals have resulted in increased prices and profit margins thereon, and have been followed by periods of substantial capacity increase, resulting in oversupply and declining prices and profit margins for those products. A number of Georgia Gulf's chemical products are and will remain highly dependent on markets that are particularly cyclical, such as the building and construction, paper and pulp, and automotive markets. The chlor-alkali industry is also cyclical, both as a result of changes in demand for each of chlorine and caustic soda and as a result of changes in manufacturing capacity, and prices for both products respond rapidly to changes in supply



---

**Table of Contents**

**Index to Financial Statements**

and demand conditions in the industry. The chlor-alkali industry experiences its highest level of activity during the spring and summer months. The first and fourth quarter demand in the chlor-alkali industry usually reflects a decrease in construction and water treatment activity due mainly to weather patterns in those periods. As a result of changes in demand for Georgia Gulf's products, its operating rates and earnings fluctuate significantly, not only from year to year, but also from quarter to quarter, depending on factors such as feedstock costs, transportation costs, and supply and demand for the product produced at the facility during that period. In order to compensate for changes in demand, Georgia Gulf has historically operated individual facilities below or above rated capacities in any period, and Georgia Gulf expects to continue this practice in the future. Georgia Gulf may idle a facility for an extended period of time because an oversupply of a certain product or a lack of demand for that product makes production uneconomical. Facility shutdown and subsequent restart expenses may adversely affect periodic results when these events occur. In addition, a temporary shutdown may become permanent, resulting in a write-down or write-off of the related assets. Industry-wide capacity expansions or the announcement of such expansions have generally led to a decline in the pricing of Georgia Gulf's chemical products in the affected product line. Following the completion of the Transactions, Georgia Gulf expects that it may be required to take similar actions in the future in response to cyclical conditions. Georgia Gulf cannot provide any assurances that future growth in product demand will be sufficient to utilize any additional capacity.

In addition, the cyclical and seasonal nature of the building products industry, which is significantly affected by changes in national and local economic and other conditions such as employment levels, demographic trends, availability of financing, interest rates and consumer confidence, could negatively affect the demand for and pricing of Georgia Gulf's building products. For example, if interest rates increase, the ability of prospective buyers to finance purchases of home improvement products and invest in new real estate could be adversely affected, which, in turn, could adversely affect Georgia Gulf's financial performance. In response to the significant decline in the market for Georgia Gulf's building and home improvement products beginning in 2008, Georgia Gulf has closed facilities and sold certain businesses and assets and continues to monitor cost control initiatives. In the near-term, it is unclear whether demand for these products will return and stabilize or whether demand for Georgia Gulf's building products will further decline.

***The integration of Georgia Gulf and the PPG Chlor-alkali and Derivatives Businesses may not be successful or the anticipated benefits from the Transactions may not be realized.***

After consummation of the Transactions, Georgia Gulf will have significantly more sales, assets and employees than it did prior to the Transactions. The integration process will require Georgia Gulf to expend significant capital and significantly expand the scope of its operations and financial systems. Georgia Gulf's management will be required to devote a significant amount of time and attention to the process of integrating the operations of Georgia Gulf's business and the PPG Chlor-alkali and Derivatives Business. There is a significant degree of difficulty and management involvement inherent in that process. These difficulties include:

integrating the operations of the PPG Chlor-alkali and Derivatives Business while carrying on the ongoing operations of Georgia Gulf's business;

managing a significantly larger company than before consummation of the Transactions;

the possibility of faulty assumptions underlying Georgia Gulf's expectations regarding the integration process;

coordinating a greater number of diverse businesses and businesses located in a greater number of geographic locations;

integrating two separate business cultures, which may prove to be incompatible;

attracting and retaining the necessary personnel associated with the PPG Chlor-alkali and Derivatives Business following the Transactions;

creating uniform standards, controls, procedures, policies and information systems and controlling the costs associated with such matters; and

**Table of Contents**

**Index to Financial Statements**

integrating information, purchasing, accounting, finance, sales, billing, payroll and regulatory compliance systems.

There is no assurance that the PPG Chlor-alkali and Derivatives Business will be successfully or cost-effectively integrated into Georgia Gulf. The process of integrating the PPG Chlor-alkali and Derivatives Business into Georgia Gulf's operations may cause an interruption of, or loss of momentum in, the activities of Georgia Gulf's business after consummation of the Transactions. If Georgia Gulf management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, Georgia Gulf's business could suffer and its liquidity, results of operations and financial condition may be materially adversely impacted.

All of the risks associated with the integration process could be exacerbated by the fact that Georgia Gulf may not have a sufficient number of employees with the requisite expertise to integrate the businesses or to operate Georgia Gulf's business after the Transactions. If Georgia Gulf does not hire or retain employees with the requisite skills and knowledge to run Georgia Gulf after the Transactions, it may have a material adverse effect on Georgia Gulf's business.

Even if Georgia Gulf is able to successfully combine the two business operations, it may not be possible to realize the full benefits of the increased sales volume and other benefits, including the expected synergies, that are expected to result from the Transactions, or realize these benefits within the time frame that is expected. For example, the elimination of duplicative costs may not be possible or may take longer than anticipated, or the benefits from the Transactions may be offset by costs incurred or delays in integrating the companies. If Georgia Gulf fails to realize the benefits it anticipates from the acquisition, Georgia Gulf's liquidity, results of operations or financial condition may be adversely affected.

***Georgia Gulf's operations and assets are and will continue to be subject to extensive environmental, health and safety laws and regulations; the costs associated with compliance with these regulations could materially adversely affect Georgia Gulf's financial condition and results of operations, and the failure to comply could expose Georgia Gulf to material liabilities.***

Georgia Gulf's operations and assets are, and are expected to continue to be, subject to extensive environmental, health and safety regulation, including laws and regulations related to air emissions, water discharges, waste disposal and remediation of contaminated sites, at both the national and local levels in the U.S. Georgia Gulf is also subject to similar laws and regulations in Canada and, after consummation of the Transactions, expects to be subject to similar regulations in other jurisdictions. The nature of the chemical and building products industries exposes, and is expected to continue to expose, Georgia Gulf to risks of liability under these laws and regulations due to the production, storage, use, transportation and sale of materials that can cause contamination or personal injury, including, in the case of commodity chemicals, potential releases into the environment. Environmental laws may have a significant effect on the costs of use, transportation and storage of raw materials and finished products, as well as the costs of the storage and disposal of wastes. Georgia Gulf has and will continue to incur substantial operating and capital costs to comply with environmental laws and regulations. In addition, Georgia Gulf may incur substantial costs, including fines, damages, criminal or civil sanctions and remediation costs, or experience interruptions in its operations for violations arising under these laws and regulations.

For example, some environmental laws, such as the federal Superfund statute, impose joint and several liability for the cost of investigations and remedial actions on any company that generated, arranged for disposal of or transported waste to a disposal site, or selected or presently or formerly owned or operated a disposal site or a site otherwise contaminated by hazardous substances. A number of environmental liabilities have been associated with Georgia Gulf's facilities at Lake Charles, Louisiana that Georgia Gulf acquired as part of its acquisition of the vinyls business of CONDEA Vista Company (CONDEA Vista, which is now known as Sasol North America, Inc.) and which may be designated as Superfund sites. Although CONDEA Vista retained



---

**Table of Contents**

**Index to Financial Statements**

financial responsibility for certain environmental liabilities that relate to the acquired facilities that arose before the closing of the acquisition in November 1999, there can be no assurance that CONDEA Vista will be able to satisfy its obligations in this regard, particularly in light of the long period of time in which environmental liabilities may arise under the environmental laws. If CONDEA Vista fails to fulfill its obligations regarding these environmental liabilities, then Georgia Gulf could be held responsible. Furthermore, Georgia Gulf severally is responsible for, and does not have indemnification for, any environmental liabilities arising from certain other acquisitions, including several liabilities resulting from Royal Group's operations prior to Georgia Gulf's acquisition of that company.

In connection with the consummation of the Transactions, Georgia Gulf will acquire a significant additional number of properties and amount of assets, which could materially increase Georgia Gulf's compliance costs and exposure to liabilities. The properties and assets associated with the PPG Chlor-alkali and Derivatives Business are subject to similar environmental health and safety laws and regulations, as are the properties and assets of Georgia Gulf, which could require or result in significant additional capital expenditures in future periods. For example, the PPG Chlor-alkali and Derivatives Business could be responsible for, and is engaged in discussing with various parties regarding an allocation of costs relating to certain environmental remediation plans at the Calcasieu River Estuary in Lake Charles, Louisiana. These costs could be material and, if incurred, would be expected to be incurred following the consummation of the Transactions. Further, PPG has recently settled with the Louisiana Department of Environmental Quality alleged violations of PPG's Lake Charles facility's air permit relating to the PPG Chlor-alkali and Derivatives Business. The settlement calls for a cash payment of \$400,000 and the performance of Beneficial Environmental Projects expected to cost \$220,000. In connection with the Transactions, this settlement is a liability of the PPG Chlor-alkali and Derivatives Business.

Separately, the PPG Chlor-alkali and Derivatives Business's facility in Natrium, West Virginia is subject to a number of environmental uncertainties. This facility discharges wastewater into the Ohio River pursuant to a permit issued by the West Virginia Department of Environmental Protection. Because it discharges into the Ohio River, this facility's permit terms must conform to pollution control standards for the Ohio River set by the Ohio River Valley Water Sanitation Commission (ORSANCO). ORSANCO has adopted certain water quality standards that prohibit, as of October 16, 2013, the use of a mixing zone as used by, among others, the PPG Chlor-alkali and Derivatives Business, to meet these pollution control standards. PPG, on behalf of the PPG Chlor-alkali and Derivatives Business, submitted a request for a variance from this prohibition and to allow for the continued use of a mixing zone for mercury for the life of the permit, and for any subsequent permits. On October 12, 2012, ORSANCO granted PPG's request for a variance which will allow the PPG Chlor-alkali and Derivatives Business to continue to have a mixing zone for its discharge of mercury for a five-year period after ORSANCO's prohibition on mixing zones takes effect on October 16, 2013. In addition, this facility operates a coal-fired power plant that it is currently anticipated may require capital expenditures in the range of \$15-30 million in order to remain in compliance with the requirements of certain final regulations expected to be issued by the United States Environmental Protection Agency (the EPA) in 2012 relating to emissions standards for large and small boilers and incinerators that burn solid waste, known as Boiler maximum achievable control technology (MACT) regulations. No assurances as to the timing or content of the Boiler MACT regulations can be provided, and any final regulations may require the incurrence of significant additional costs beyond those currently anticipated.

As of September 30, 2012, the PPG Chlor-alkali and Derivatives Business had reserves for environmental contingencies totaling \$33 million of which \$5 million was classified as a current liability.

For additional information on the potential environmental liabilities associated with the properties and assets of the PPG Chlor-alkali and Derivatives Business, including the expected timing and costs of actions related thereto, see the section of this document entitled "Information on the PPG Chlor-alkali and Derivatives Business Regulation and Environmental Matters and Legal Proceedings."

In addition, due to the nature of environmental laws, regulations and liabilities, it is possible that the reviews Georgia Gulf conducted in connection with its evaluation of, and determination to enter into, the Transactions,

---

**Table of Contents****Index to Financial Statements**

may not have identified all potentially adverse conditions. Such conditions may not presently exist or be detectable through reasonable methods, or may not be able to be adequately valued. For example, the PPG Chlor-alkali and Chemical Business's facility in Natrium, West Virginia has been in operation for over 65 years. There may be significant latent liabilities or future claims arising from the operation of a facility of this age, and Georgia Gulf may be required to incur material future remediation or other costs in connection with future actions or developments at this or other facilities.

Georgia Gulf expects to be continually subjected to increasingly stringent environmental and health and safety laws and regulations and that continued compliance will require increased capital expenditures and increased operating costs, or may impose restrictions on Georgia Gulf's present or future operations. It is difficult to predict the future interpretation and development of these laws and regulations or their impact on Georgia Gulf's future earnings and operations. Georgia Gulf's policy is to accrue costs relating to environmental matters when it is probable that these costs will be required and can be reasonably estimated. Any increase in these costs, or any material restrictions, could materially adversely affect Georgia Gulf's liquidity, financial condition and results of operations. However, estimated costs for future environmental compliance and remediation may be materially lower than actual costs, or Georgia Gulf may not be able to quantify potential costs in advance. Actual costs related to any environmental compliance in excess of estimated costs could have a material adverse effect on Georgia Gulf's financial condition in one or more future periods.

***Recent heightened interest in environmental-related issues could require Georgia Gulf to incur significant compliance costs or result in material operating restrictions.***

Heightened interest in environmental regulation, such as climate change issues, have the potential to materially impact Georgia Gulf's costs and present and future operations. Georgia Gulf, and other chemicals companies, are currently required to file certain governmental reports relating to greenhouse gas ( GHG ) emissions. The U.S. Government has considered, and may in the future implement, restrictions or other controls on GHG emissions which could require Georgia Gulf, including, following the consummation of the Merger, the PPG Chlor-alkali and Derivatives Business, to incur significant capital expenditures or further restrict Georgia Gulf's present or future operations.

In addition to GHG regulations, the EPA has recently taken certain actions to limit or control certain pollutants created by companies such as Georgia Gulf and the PPG Chlor-alkali and Derivatives Business. For example, in February 2012, the EPA issued its final rule to update emissions limits for air toxins from polyvinyl chloride and copolymers production ( PVC production ). The rule, known as the National Emission Standards for Hazardous Air Pollutants for Polyvinyl Chloride and Copolymers Production, establishes new, more stringent emission standards for certain regulated hazardous air pollutants, including vinyl chloride monomer. The rule sets MACT standards for major sources of PVC production and establishes certain working practices, as well as monitoring, reporting and record-keeping requirements. Existing sources that become subject to these requirements would have three years from the effectiveness of the rule to come into compliance. Following the publication of the rule in the Federal Register, legal challenges were filed by the vinyl industry's trade organization, several vinyl manufacturers, and several environmental groups, which will likely impact provisions of a final rule. Although Georgia Gulf has conducted a preliminary evaluation of the potential impact of a final rule on its operations, the preliminary evaluation was based on the final rule as it currently exists, as well as a number of assumptions concerning the equipment and process changes that would be necessary to come into compliance with the existing final rule. There could be significant changes from the currently existing rule to the final rule after all legal challenges have been exhausted.

Following the consummation of the Transactions, Georgia Gulf expects that its business and operations will also be subject to pending environmental regulations impacting the PPG Chlor-alkali and Derivatives Business. For example, in March 2011, the EPA proposed amendments to the national emission standards for hazardous air pollutants for mercury emissions from mercury cell chlor-alkali plants known as the Mercury MACT regulations. These proposed amendments would require improvements in work practices to reduce fugitive emissions and

**Table of Contents****Index to Financial Statements**

would result in reduced levels of mercury emissions while still allowing the mercury cell facilities to continue to operate. The PPG Chlor-alkali and Derivatives Business currently operates a cell production unit at its Natrium, West Virginia facility, which constitutes approximately 4% of the PPG Chemical Business's total chlor-alkali production capacity. No assurances as to the timing or content of the final rule, or its ultimate impact on Georgia Gulf, can be provided.

Separately, the PPG Chlor-alkali and Derivatives Business's Natrium, West Virginia facility currently discharges wastewater into the Ohio River pursuant to a National Pollution Discharge Elimination System ( NPDES ) permit issued by the West Virginia Department of Environmental Protection ( WVDEP ). Because it discharges into the Ohio River, the wastewater permit terms must conform to pollution control standards for the Ohio River set by ORSANCO. ORSANCO has adopted an ambient water column standard criterion for mercury in the Ohio River and, in 2009, ORSANCO adopted certain standards that prohibit as of October 16, 2013, the use of a mixing zone as used by, among others, the PPG Chlor-alkali and Derivatives Business, to meet these standards for certain bioaccumulative chemicals, including mercury. In September 2011, PPG, on behalf of the PPG Chlor-alkali and Derivatives Business, submitted a request for a variance from the mixing zone prohibition in ORSANCO's pollution control standards. PPG, on behalf of the PPG Chlor-alkali and Derivatives Business, requested continued use of a mixing zone for mercury through the life of its current permit, which is valid through January 2014, and for any subsequent permits. On October 12, 2012, ORSANCO granted PPG's request for a variance which will allow the PPG Chlor-alkali and Derivatives Business to continue to have a mixing zone for its discharge of mercury for a five-year period after ORSANCO's prohibition on mixing zones takes effect on October 16, 2013.

Also in March 2011, the EPA issued emissions standards for large and small boilers and incinerators that burn solid waste, known as the Boiler MACT regulations. These regulations are aimed at controlling emissions of toxic air contaminants. As a result of numerous petitions from both industry and environmental groups, the EPA reconsidered its March 2011 final rule. On December 23, 2011, the EPA's proposed rule reconsidering its March 2011 final rule was published in the Federal Register. The EPA has indicated its intent to issue the final regulations in 2012 requiring that covered facilities achieve compliance within three years. The 115 megawatt coal fired power plant at the PPG Chlor-alkali and Derivatives Business's Natrium, West Virginia facility would be the source most significantly impacted by the Boiler MACT regulations. The PPG Chlor-alkali and Derivatives Business continues to evaluate alternative paths of either retrofitting the Natrium boilers to burn natural gas or to engineer and install pollution control equipment. No assurances as to the timing or content of the final rule, or its ultimate impact on Georgia Gulf, can be provided.

The potential impact of these and/or unrelated future, legislative or regulatory actions on Georgia Gulf's current or future operations cannot be predicted at this time but could be significant. Such impacts could include the potential for significant compliance costs, including capital expenditures, could result in operating restrictions or could require Georgia Gulf to incur significant legal or other costs related to compliance or other activities. Any increase in the costs related to these initiatives, or restrictions on Georgia Gulf's operations, could materially adversely affect Georgia Gulf's liquidity, financial condition or results of operations.

***Natural gas, electricity, fuel and raw materials costs, and other external factors beyond Georgia Gulf's control, as well as changes in the level of activity in the home repair and remodeling and new home construction sectors of the economy, can cause wide fluctuations in Georgia Gulf's margins.***

The cost of Georgia Gulf's natural gas, electricity, fuel and raw materials may not correlate with changes in the prices Georgia Gulf receives for its products, either in the direction of the price change or in absolute magnitude. Natural gas and raw materials costs represent, and will continue to represent, a substantial part of Georgia Gulf's and the PPG Chlor-alkali and Derivatives Business's manufacturing costs, and energy costs, in particular electricity and fuel, represent a component of the costs to manufacture building products. Following the consummation of the Merger, a \$1.00 change in the price of natural gas per British Thermal Unit ( BTU ) could raise or lower Georgia Gulf's operating costs by approximately \$60 million to \$80 million per year. Most of the raw materials Georgia Gulf uses are commodities and the price of each can fluctuate widely for a variety

**Table of Contents**

**Index to Financial Statements**

of reasons, including changes in availability because of capacity additions or facility operating problems. For example, ethylene is a key raw material used by both Georgia Gulf and the PPG Chlor-alkali and Derivatives Business. During 2011, costs for ethylene increased substantially compared to 2010 driven by a combination of tight supplies due to production outages and increased global demand, particularly in U.S. exports of ethylene derivative products. Other external factors beyond Georgia Gulf's control can cause volatility in raw materials prices, demand for Georgia Gulf's products, product prices, sales volumes and margins. These factors include general economic conditions, the level of business activity in the industries that use Georgia Gulf's products, competitors' actions, international events and circumstances, and governmental regulation in the United States and abroad. These factors can also magnify the impact of economic cycles on Georgia Gulf's business. While Georgia Gulf attempts to pass through price increases in energy costs and raw materials, Georgia Gulf has been unsuccessful in doing so in some circumstances in the past and there can be no assurance that it will be able to successfully do so in the future.

Additionally, Georgia Gulf's business is and will continue to be impacted by changes in the North American home repair and remodeling sectors, as well as the new construction sector, which may be significantly affected by changes in economic and other conditions such as gross domestic product levels, employment levels, demographic trends, consumer confidence, increases in interest rates and availability of consumer financing for home repair and remodeling projects as well as availability of financing for new home purchases. These factors can lower the demand for and pricing of Georgia Gulf's products, while Georgia Gulf may not be able to reduce its costs by an equivalent amount, which alone or in combination could cause Georgia Gulf's net sales and net income to materially decrease and, among other things, could require Georgia Gulf to recognize impairments of its assets.

***Hazards associated with manufacturing may adversely affect Georgia Gulf's business or results of operations.***

There are a number of hazards associated with chemical manufacturing and building products manufacturing in Georgia Gulf's current operations, as well as in the use, storage and transportation of related raw materials, products and wastes. These hazards will be magnified in connection with the expansion of Georgia Gulf's operations as a result of the consummation of the Transactions. The occurrence of any such hazard could lead to an interruption or suspension of operations and have a material adverse effect on the productivity and profitability of a particular manufacturing facility or on Georgia Gulf's operations as a whole. These hazards include:

pipeline and storage tank leaks and ruptures;

explosions and fires;

inclement weather and natural disasters;

mechanical failure;

unscheduled downtime;

labor difficulties;

transportation interruptions;

transportation accidents involving the chemical products of Georgia Gulf and the PPG Chlor-alkali and Derivatives Business;

remediation complications;

terrorist acts; and

chemical spills and other discharges or releases of toxic or hazardous substances or gases.

---

**Table of Contents**

**Index to Financial Statements**

These hazards may cause personal injury and loss of life, severe damage to or destruction of property and equipment, and environmental damage, any of which could lead to claims or material liability under environmental or other laws. Although Georgia Gulf maintains property, business interruption and casualty insurance of the types and in the amounts that it believes are customary for the industry, Georgia Gulf is not fully insured against all potential hazards incident to its business.

***In addition to potential exposure to claims arising from environmental liabilities, Georgia Gulf faces potential exposure to significant product liability, personal injury or other claims relating to the production and manufacture of its products, and this exposure will increase following the completion of the Merger.***

Georgia Gulf is exposed to significant losses from product liability claims relating to the products it manufactures in both its chemicals and building products business. Additionally, individuals could seek damages for alleged personal injury or property damage due to exposure to chemicals at Georgia Gulf's facilities or to chemicals otherwise owned, controlled or manufactured by Georgia Gulf. Georgia Gulf is also subject to present and future claims with respect to workplace exposure, workers' compensation and other matters. In connection with the completion of the Transactions, Georgia Gulf expects that its exposure to potential losses from products liability, personal injury and other claims will significantly increase as a result of existing and possible future lawsuits and claims relating to the PPG Chlor-alkali and Derivatives Business and its products. For example, the PPG Chlor-alkali and Derivatives Business is currently involved in litigation with, among others, the City of Modesto, California relating to the claims involving the manufacture of perchloroethylene, and a significant number of other contract, product liability and other matters. Any such claims, whether with or without merit, could be time consuming, expensive to defend and could divert management's attention and resources. Although Georgia Gulf maintains and expects to continue to maintain appropriate amounts of insurance for products liability, workplace exposure, workers' compensation and other claims, the amount and scope of such insurance may not be adequate or available to cover a claim that is successfully asserted against Georgia Gulf. In addition, such insurance could become more expensive and difficult to maintain and, in the future, may not be available to Georgia Gulf on commercially reasonable terms or at all. The results of any future litigation or claims are inherently unpredictable, but such outcomes could have a material adverse effect on Georgia Gulf's liquidity, financial condition or results of operations.

***The ABL Revolver, the indenture governing Georgia Gulf's 9 percent notes and the financing agreements expected to be entered into in connection with the Transactions will impose significant operating and financial restrictions on Georgia Gulf and its subsidiaries, which may prevent Georgia Gulf from capitalizing on business opportunities and taking some actions.***

The agreements that govern the terms of Georgia Gulf's existing debt, including the ABL Revolver and the indenture that governs the 9 percent notes, impose significant operating and financial restrictions on Georgia Gulf. In addition, Georgia Gulf expects that the financing agreements to be entered into in connection with the Transactions and described in the section of this document entitled "Debt Financing" will contain similar restrictions. These restrictions limit, and will continue to limit, Georgia Gulf's ability to, among other things:

incur additional indebtedness;

incur liens;

make investments and sell assets, including the stock of subsidiaries;

pay dividends and make other distributions;

purchase its stock;

engage in business activities unrelated to its current business;

enter into transactions with affiliates; or

consolidate, merge or sell all or substantially all of its assets.

---

**Table of Contents**

**Index to Financial Statements**

As a result of these covenants and restrictions, in addition to any restrictions or limitations imposed on Georgia Gulf in connection with undertaking the Transactions and preserving the tax-free nature thereof, Georgia Gulf is limited in how it conducts its business and it may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness Georgia Gulf may incur could include more restrictive covenants. A breach of any of these covenants could result in a default in respect of the related indebtedness. If a default occurs, the relevant lenders could elect to declare the indebtedness, together with accrued interest and other fees, to be due and payable immediately and proceed against any collateral securing that indebtedness.

Furthermore, there are limitations on Georgia Gulf's ability to borrow the full amount of commitments under the ABL Revolver, and Georgia Gulf expects that the New ABL Revolver (as defined below) will contain similar limitations. Borrowings under the ABL Revolver are limited by, and borrowings under the New ABL Revolver are expected to be limited by, a specified borrowing base consisting of a percentage of eligible accounts receivable and inventory, less customary reserves. In addition, (x) if Georgia Gulf's availability under the ABL Revolver falls below a certain amount, Georgia Gulf will be subject to compliance with a covenant requiring Georgia Gulf to maintain a fixed charge coverage ratio of at least 1.1 to 1.0, and Georgia Gulf expects that the New ABL Revolver will contain a similar restrictive covenant, and (y) Georgia Gulf will be subject to a senior secured leverage ratio of 3.50 to 1.00 under the Term Facility. Georgia Gulf's ability to comply with any required fixed charge coverage ratio and senior secured leverage ratio can be affected by events beyond its control, and Georgia Gulf cannot assure you it will be able to comply with these ratios. A breach of the covenants requiring compliance with these ratios, or with any other covenants in these debt agreements, could result in a default under the ABL Revolver, or under the New ABL Revolver or the Term Facility, when entered into, as the case may be.

***Georgia Gulf relies, and expects to continue to rely after the consummation of the Merger, on a limited number of outside suppliers for specified feedstocks and services.***

Georgia Gulf currently obtains, and expects to continue to obtain after the consummation of the Merger, a significant portion of its raw materials from a few key suppliers. If any of these suppliers are unable to meet their obligations under present or any future supply agreements, Georgia Gulf may be forced to pay higher prices to obtain the necessary raw materials. Any interruption of supply or any price increase of raw materials could have a material adverse effect on Georgia Gulf's business and results of operations. In connection with Georgia Gulf's acquisition of the vinyls business of CONDEA Vista in 1999, Georgia Gulf entered into agreements with CONDEA Vista to provide specified feedstocks for its Lake Charles facility. This facility is dependent upon CONDEA Vista's infrastructure for services such as wastewater and ground water treatment, site remediation, and fire water supply. Any failure of CONDEA Vista to perform its obligations under those agreements could adversely affect the operation of the affected facilities and Georgia Gulf's liquidity and results of operations. The agreements relating to these feedstocks and services had initial terms of one to ten years. Most of these agreements have been automatically renewed, but may be terminated by CONDEA Vista after specified notice periods. If Georgia Gulf was required to obtain an alternate source for these feedstocks or services, Georgia Gulf may not be able to obtain pricing on as favorable terms. Additionally, Georgia Gulf may be forced to pay additional transportation costs or to invest in capital projects for pipelines or alternate facilities to accommodate railcar or other delivery or to replace other services.

While Georgia Gulf believes that its relationships with its key suppliers are strong, any vendor may choose, subject to existing contracts, to modify its relationship due to general economic concerns or concerns relating to the vendor or Georgia Gulf, at any time. Any significant change in the terms that Georgia Gulf has with its key suppliers could materially adversely affect Georgia Gulf's financial condition and liquidity, as could significant additional requirements from Georgia Gulf's suppliers that it provides them additional security in the form of prepayments or with letters of credit.



---

**Table of Contents****Index to Financial Statements**

*The industries in which Georgia Gulf competes and expects to compete after the consummation of the Merger are highly competitive, and some of Georgia Gulf's competitors have greater financial and other resources than Georgia Gulf has, which may materially adversely affect Georgia Gulf's business and results of operations.*

The commodity chemicals industry is highly competitive. Many of Georgia Gulf's competitors are larger and have, and are expected to continue to have after the consummation of the Merger, greater financial and other resources and less debt than Georgia Gulf. Moreover, barriers to entry, other than capital availability, are low in most product lines of Georgia Gulf's current and contemplated commodity chemical business. Capacity additions or technological advances by existing or future competitors could also create greater competition, particularly in pricing. Georgia Gulf cannot provide assurance that it will have access to the financing necessary to upgrade Georgia Gulf's facilities in response to technological advances or other competitive developments.

In addition, Georgia Gulf competes with national and international manufacturers of vinyl-based building and home improvement products. Some of these companies are larger and have greater financial resources and less debt than Georgia Gulf. Accordingly, these competitors may be better able to withstand changes in conditions within the industries in which Georgia Gulf operates and may have significantly greater operating and financial flexibility than Georgia Gulf. Some of these competitors, who compete with Georgia Gulf's building product lines, may also be able to compete more aggressively in pricing and could take a greater share of sales and cause Georgia Gulf to lose business from its customers. Many of Georgia Gulf's competitors have operated in the building products industry for longer than Georgia Gulf. Additionally, Georgia Gulf's building products face competition from alternative materials: wood, metal, fiber cement and masonry in siding, wood and aluminum in windows and iron and cement in pipe and fittings. An increase in competition from other vinyl exterior building products manufacturers or alternative building materials could cause Georgia Gulf to lose customers and lead to decreases in net sales and profitability. To the extent Georgia Gulf loses customers in the renovation and remodeling markets, Georgia Gulf would likely have to market to the new home construction market, which historically has experienced more fluctuations in demand.

*Georgia Gulf currently relies and, after the consummation of the Merger will more heavily rely, on third party transportation, which subjects it to risks that it cannot control, and which risks may materially adversely affect Georgia Gulf's operations.*

Georgia Gulf relies heavily on railroads, barges and other shipping companies to transport raw materials to Georgia Gulf's manufacturing facilities and to ship finished product to customers. After the consummation of the Merger, Georgia Gulf expects it will more heavily rely on third party transport for products manufactured by the PPG Chlor-alkali and Derivatives Business. These transport operations are subject to various hazards, including extreme weather conditions, work stoppages and operating hazards, as well as interstate transportation regulations. If Georgia Gulf is delayed or unable to ship finished product or unable to obtain raw materials as a result of these transportation companies' failure to operate properly, or if there were significant changes in the cost of these services, Georgia Gulf may not be able to arrange efficient alternatives and timely means to obtain raw materials or ship goods, which could result in a material adverse effect on Georgia Gulf's revenues and costs of operations.

*Operation on multiple Enterprise Resource Planning ( ERP ) information systems, and the conversion from multiple systems to a single system, may negatively impact Georgia Gulf's operations.*

Georgia Gulf is and will continue to remain after consummation of the Merger highly dependent on its information systems infrastructure in order to process orders, track inventory, ship products in a timely manner, prepare invoices to its customers, maintain regulatory compliance and otherwise carry on its business in the ordinary course. Georgia Gulf currently operates on multiple ERP information systems, which complicate Georgia Gulf's processing, reporting and analysis of business transactions and other information. In addition, the PPG Chlor-alkali and Derivatives Business currently operates on separate ERP systems. Since Georgia Gulf must process and reconcile its information from multiple systems, the chance of errors is increased and, after the

---

**Table of Contents**

**Index to Financial Statements**

consummation of the Merger, will be further increased, and Georgia Gulf may incur significant additional costs related thereto. Inconsistencies in the information from multiple ERP systems could adversely impact Georgia Gulf's ability to manage its business efficiently and may result in heightened risk to its ability to maintain its books and records and comply with regulatory requirements. Following the consummation of the Transactions, Georgia Gulf expects that it may transition all or a portion of its operations from one of its ERP systems to another. The transition to a different ERP system involves numerous risks, including:

diversion of management's attention away from normal daily business operations;

loss of, or delays in accessing data;

increased demand on its operations support personnel;

initial dependence on unfamiliar systems while training personnel to use new systems; and

increased operating expenses resulting from training, conversion and transition support activities.

Any of the foregoing could result in a material increase in information technology compliance or other related costs, and could materially negatively impact Georgia Gulf's operations.

***A significant portion of the PPG Chlor-alkali and Derivatives Business's hourly workers are and, following the consummation of the Transactions, a significant portion of Georgia Gulf's hourly workers will be, represented by labor unions and therefore subject to collective bargaining agreements; if Georgia Gulf is unable to enter into new agreements or renew existing agreements before they expire, its workers subject to collective bargaining agreements could engage in strikes or other labor actions that could materially disrupt Georgia Gulf's ability to conduct its operations.***

As of September 30, 2012, Georgia Gulf had approximately 3,760 active employees. Approximately 500, or 13%, of these employees are represented by labor unions and are therefore subject to collective bargaining agreements. As of September 30, 2012, assuming the Transactions had been consummated as of that date, Georgia Gulf would have had approximately 5,900 active employees. Approximately 27% of these employees would have been represented by labor unions and would have therefore been subject to collective bargaining agreements. Of these union-represented employees, approximately 12% are subject to collective bargaining agreements that expire by the end of 2013.

If, after the consummation of the Transactions, Georgia Gulf is unable to reach new collective bargaining agreements or renew existing agreements, employees subject to collective bargaining agreements may engage in strikes, work slowdowns or other labor actions, which could materially disrupt Georgia Gulf's ability to conduct its operations. New collective bargaining agreements or the renewal of existing agreements may impose significant new costs on Georgia Gulf after the consummation of the Transactions, which could adversely affect Georgia Gulf's results of operations or financial condition in the future.

***As a result of the Merger, Georgia Gulf's goodwill, indefinite-lived intangible assets, and other intangible assets in its statement of financial position will increase. If its goodwill, indefinite-lived intangible assets, or other intangible assets become impaired in the future, Georgia Gulf may be required to record a non-cash charge to earnings, which could be significant.***

Under GAAP, goodwill and indefinite-lived intangible assets are reviewed for impairment on an annual basis (or more frequently if events or circumstances indicate that their carrying value may not be recoverable) and other intangible assets are reviewed if events or circumstances indicate that their carrying value may not be recoverable. If Georgia Gulf's goodwill, indefinite-lived intangible assets, or other intangible assets are determined to be impaired in the future, Georgia Gulf may be required to record a non-cash charge to earnings during the period in which the impairment is determined, which could be significant.



---

**Table of Contents****Index to Financial Statements**

*Subject to any limits that may be imposed on Georgia Gulf in connection with the Transactions, and before or after consummating the Transactions, Georgia Gulf may evaluate asset dispositions, asset acquisitions, joint ventures, and other transactions that may impact its results of operations, and which may not result in Georgia Gulf achieving the expected results therefrom.*

From time to time before and after the Transactions, and subject to any applicable restrictions arising from the Transactions or otherwise, Georgia Gulf may enter into agreements to dispose of certain assets. However, Georgia Gulf cannot assure you that it will be able to dispose of any such assets at any anticipated prices, or at all, or that any such sale will occur during any anticipated time frame. In addition, subject to any applicable restrictions arising from the Transactions or otherwise, Georgia Gulf may engage in business combinations, purchases of assets or contractual arrangements or joint ventures. Subject to any applicable restrictions arising from the Transactions or otherwise, some of these transactions may be financed with additional borrowings by Georgia Gulf. The integration of any business Georgia Gulf may acquire may be disruptive to Georgia Gulf and may result in a significant diversion of management attention and operational resources. Additionally, Georgia Gulf may suffer a loss of key employees, customers or suppliers, loss of revenues, increases in costs or other difficulties. If the expected efficiencies and synergies from any transactions are not fully realized, Georgia Gulf's results of operations could be adversely affected, because of the costs associated with such transactions or otherwise. Other transactions may advance future cash flows from some of Georgia Gulf's businesses, thereby yielding increased short-term liquidity, but consequently resulting in lower cash flows from these operations over the longer term. The failure to realize the expected long-term benefits of any one or more of these transactions could have a material adverse effect on Georgia Gulf's financial condition or results of operations.

*Participation in joint ventures exposes Georgia Gulf to a number of risks, including risks of shared control.*

From time to time Georgia Gulf enters into joint ventures, such as its building products strategic joint venture arrangements with several customers and, following the consummation of the Transactions, Georgia Gulf will have ownership interest in TCI and the joint venture between the PPG Chlor-alkali and Derivatives Business and an affiliate of Entergy Corporation. Georgia Gulf expects that it will evaluate opportunities to enter into additional joint ventures in the future, subject to any limits that may be imposed on Georgia Gulf in connection with the Transactions or otherwise. The nature of a joint venture requires Georgia Gulf to share control with unaffiliated third parties. If there are differences in views among joint venture participants in how to operate the joint venture that result in delayed decisions or the failure to make decisions, or its joint venture partners do not fulfill their obligations, the affected joint venture may not be able to operate according to its business plan and fulfill its obligations. In that case, Georgia Gulf may be required to write down the value of its investment in a joint venture, increase the level of financial or other commitments to the joint venture or, if Georgia Gulf has contractual agreements with the joint venture, its operations may be materially adversely affected. Any of the foregoing could have a material adverse effect on Georgia Gulf's financial condition, results of operations or cash flows.

*Fluctuations in foreign currency exchange and interest rates could affect Georgia Gulf's consolidated financial results.*

Georgia Gulf currently earns, and expects to continue to earn, revenues, pays expenses, owns assets and incurs liabilities in countries using currencies other than the U.S. dollar. Because Georgia Gulf's consolidated financial statements are presented in U.S. dollars, it must translate revenues and expenses into U.S. dollars at the average exchange rate during each reporting period, as well as assets and liabilities into U.S. dollars at exchange rates in effect at the end of each reporting period. Therefore, increases or decreases in the value of the U.S. dollar against other major currencies will affect Georgia Gulf's net revenues, operating income and the value of balance sheet items denominated in foreign currencies. Because of the geographic diversity of Georgia Gulf's operations, weaknesses in various currencies might occur in one or many of such currencies over time. From time to time, Georgia Gulf may use derivative financial instruments to further reduce its net exposure to currency exchange

**Table of Contents**

**Index to Financial Statements**

rate fluctuations. However, Georgia Gulf cannot assure you that fluctuations in foreign currency exchange rates, particularly the strengthening of the U.S. dollar against major currencies, would not materially adversely affect its financial results.

In addition, Georgia Gulf is exposed to volatility in interest rates. When appropriate, Georgia Gulf may use derivative financial instruments to reduce its exposure to interest rate risks. Georgia Gulf cannot assure you, however, that its financial risk management program will be successful in reducing the risks inherent in exposures to interest rate fluctuations.

**Table of Contents**

**Index to Financial Statements**

**CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS**

This document contains and incorporates by reference certain statements relating to future events and Georgia Gulf's intentions, beliefs, expectations, and predictions for the future. Any such statements other than statements of historical fact are forward-looking statements within the meaning of the Securities Act and the Securities Exchange Act. Words or phrases such as "will likely result," "are expected to," "will continue," "is anticipated," "we believe," "we expect," "estimate," "project," "may," "will," "intend," "plan," "believe," "target," "forecast," "would" or "could" (and variations thereof) or similar terminology used in connection with any discussion of future plans, actions or events, including with respect to the Transactions, generally identify forward-looking statements. These forward-looking statements include, but are not limited to, statements regarding expected benefits of the Transactions, integration plans and expected synergies therefrom, the expected timing of consummation of the Transactions, and Georgia Gulf's anticipated future financial and operating performance and results, including its estimates for growth. These statements are based on the current expectations of management of Georgia Gulf. There are a number of risks and uncertainties that could cause Georgia Gulf's actual results to differ materially from the forward-looking statements included in this document. These risks and uncertainties include risks relating to (1) Georgia Gulf's ability to obtain requisite shareholder approval to complete the Transactions, (2) PPG being unable to obtain the necessary tax authority and other regulatory approvals required to complete the Transactions, or such required approvals delaying the Transactions or resulting in the imposition of conditions that could have a material adverse effect on the combined company or causing the companies to abandon the Transactions, (3) other conditions to the closing of the Transactions not being satisfied, (4) a material adverse change, event or occurrence affecting Georgia Gulf or the PPG Chlor-alkali and Derivatives Business prior to the closing of the Transactions delaying the Transactions or causing the companies to abandon the Transactions, (5) problems arising in successfully integrating the PPG Chlor-alkali and Derivatives Business and Georgia Gulf, which may result in the combined company not operating as effectively and efficiently as expected, (6) the possibility that the Transactions may involve other unexpected costs, liabilities or delays, (7) the businesses of each respective company being negatively impacted as a result of uncertainty surrounding the Transactions, (8) disruptions from the Transactions harming relationships with customers, employees or suppliers, and (9) uncertainties regarding (i) future prices, (ii) industry capacity levels and demand for Georgia Gulf's products, (iii) raw materials and energy costs and availability, feedstock availability and prices, (iv) changes in governmental and environmental regulations, the adoption of new laws or regulations that may make it more difficult or expensive to operate Georgia Gulf's businesses or manufacture its products before or after the Transactions, (v) Georgia Gulf's ability to generate sufficient cash flows from its businesses before and after the Transactions, (vi) future economic conditions in the specific industries to which its products are sold and (vii) global economic conditions.

In light of these risks, uncertainties, assumptions and other factors, the forward-looking statements discussed in this document may not occur. Other unknown or unpredictable factors could also have a material adverse effect on Georgia Gulf's actual future results, performance, or achievements. For a further discussion of these and other risks and uncertainties applicable to Georgia Gulf, see the section of this document entitled "Risk Factors." As a result of the foregoing, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. Georgia Gulf does not undertake, and expressly disclaims, any duty to update any forward-looking statement whether as a result of new information, future events, or changes in its expectations, except as required by law.

**Table of Contents**

**Index to Financial Statements**

**INFORMATION ABOUT THE SPECIAL MEETING**

**General; Date; Time and Place; Purposes of the Meeting**

The enclosed proxy is solicited on behalf of Georgia Gulf's board of directors for use at a special meeting of stockholders to be held at 1:00 p.m. local time, on January 10, 2013, or at any adjournments or postponements of the special meeting, for the purposes set forth in this document and in the accompanying notice of special meeting. The special meeting will be held in the Conference Center at the South Terraces, 115 Perimeter Center Place, Atlanta, Georgia 30346. This document and the accompanying proxy card are being mailed on or about December 7, 2012 to all stockholders entitled to vote at the special meeting.

At the special meeting, stockholders will be asked to:

approve the issuance of shares of Georgia Gulf common stock in the Merger;

subject to the approval of the first proposal, approve the Articles Amendment to increase the number of authorized shares of Georgia Gulf common stock thereunder;

subject to the approval of the first proposal, approve the Plan Amendment;

adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the issuance of shares of Georgia Gulf common stock in the Merger; and

transact any and all other business that may properly come before the special meeting or any adjourned or postponed session of the special meeting.

A copy of the Merger Agreement is attached to this document as Annex A. All stockholders of Georgia Gulf are urged to read the Merger Agreement carefully and in its entirety.

Georgia Gulf does not expect a vote to be taken on any other matters at the special meeting. If any other matters are properly presented at the special meeting for consideration, however, the holders of the proxies, if properly authorized, will have discretion to vote on these matters in accordance with their best judgment.

When this document refers to the special meeting, it is also referring to any adjourned or postponed session of the special meeting, if necessary or appropriate.

**Record Date; Quorum; Voting Information; Required Votes**

Holders of record of Georgia Gulf common stock at the close of business on November 26, 2012, the record date for the special meeting, are entitled to notice of, and to vote at, the special meeting and any adjourned or postponed session thereof. At the close of business on the record date, 34,538,268 shares of Georgia Gulf common stock were outstanding and entitled to vote. Stockholders are entitled to one vote on each matter submitted to the stockholders for each share of Georgia Gulf common stock held as of the record date.

Shares entitled to vote at the special meeting may take action on a matter at the special meeting only if a quorum of those shares exists with respect to that matter. The presence at the meeting, in person or by proxy, of the holders of a majority of the outstanding shares of Georgia Gulf common stock entitled to vote at the special meeting will constitute a quorum for the transaction of business at the special meeting. If a share is represented for any purpose at the special meeting, it will be deemed present for purposes of determining whether a quorum exists. Abstentions and broker non-votes will be counted as present and entitled to vote for purposes of determining a quorum. Broker non-votes refer to votes that

Edgar Filing: GEORGIA GULF CORP /DE/ - Form DEFM14A

could have been cast on a matter in question by brokers with respect to uninstructed shares if the brokers had received their customers instructions.

The issuance of Georgia Gulf common stock in the Merger must be approved by the affirmative vote of a majority of the shares of Georgia Gulf common stock represented and voting at the special meeting, either in person or by proxy (provided that the total votes cast on the proposal represent over 50% in interest of all shares



## Table of Contents

### Index to Financial Statements

entitled to vote on the proposal). If Georgia Gulf's stockholders fail to approve the issuance of shares of Georgia Gulf common stock in the Merger upon a vote at the Georgia Gulf special meeting, each of PPG and Georgia Gulf will have the right to terminate the Merger Agreement, as described in the section of this document entitled "The Merger Agreement Termination."

The Articles Amendment must be approved by the affirmative vote of a majority of the shares of Georgia Gulf common stock entitled to vote on the proposal. The Articles Amendment will be effected only if the proposal relating to the issuance of shares of Georgia Gulf common stock in the Merger is approved by Georgia Gulf's stockholders and the Merger is consummated.

The Plan Amendment must be approved by the affirmative vote of a majority of the shares of Georgia Gulf common stock represented and voting at the special meeting, either in person or by proxy (provided that the total votes cast on the proposal represent over 50% in interest of all shares entitled to vote on the proposal). The Plan Amendment will be effected only if the proposal relating to the issuance of shares of Georgia Gulf common stock in the Merger is approved by Georgia Gulf's stockholders and the Merger is consummated.

The adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the issuance of shares of Georgia Gulf common stock in the Merger must be approved by the affirmative vote of a majority of the shares of Georgia Gulf common stock represented and voting at the special meeting, either in person or by proxy (provided that the total votes cast on the proposal represent over 50% in interest of all shares entitled to vote on the proposal).

An abstention from voting will have the same effect as a vote against the proposals relating to the issuance of Georgia Gulf common stock in the Merger and the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the issuance of shares of Georgia Gulf common stock in the Merger. Under NYSE listing standards, broker non-votes will be excluded from the tabulation of votes cast, and therefore will not affect the outcome of the vote (except to the extent such broker non-votes result in a failure to obtain a total number of votes cast on the proposal that represents more than 50% in interest of all shares entitled to vote thereon as required by NYSE listing standards).

As of November 26, 2012, Georgia Gulf's directors and executive officers held 2.31% of the shares entitled to vote at Georgia Gulf's special meeting of the stockholders. As of November 26, 2012, no affiliates of Georgia Gulf's directors and executive officers held shares entitled to vote at Georgia Gulf's special meeting of the stockholders. As of November 26, 2012, Splitco's directors, executive officers and their affiliates did not hold shares entitled to vote at Georgia Gulf's special meeting of the stockholders. Splitco's shareholders are not required to vote on any of the proposals, and Splitco will not hold a special meeting of shareholders in connection with the Transactions.

### **Recommendation of Board of Directors**

After careful consideration, the board of directors of Georgia Gulf resolved that the Transactions contemplated by the Merger Agreement are advisable and in the best interests of the holders of Georgia Gulf common stock and approved the Merger Agreement, the Merger and the other Transactions. **The Georgia Gulf board of directors recommends that the stockholders of Georgia Gulf vote FOR approval of the issuance of shares of Georgia Gulf common stock in the Merger, FOR the proposal to approve the Articles Amendment, FOR the proposal to approve the Plan Amendment, and, if necessary or appropriate, FOR the adjournment or postponement of the special meeting to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the issuance of shares of Georgia Gulf common stock in the Merger.**

**Table of Contents**

**Index to Financial Statements**

**How to Vote**

Georgia Gulf stockholders can vote in person by completing a ballot at the Georgia Gulf special meeting, or Georgia Gulf stockholders can vote before the Georgia Gulf special meeting by proxy. Even if Georgia Gulf stockholders plan to attend the special meeting, Georgia Gulf encourages its stockholders to vote their shares as soon as possible by proxy. Georgia Gulf stockholders can vote by proxy using the Internet, by telephone, or by mail, as discussed below.

*Vote by Internet:* Georgia Gulf stockholders can vote their shares using the Internet. With the enclosed proxy card in hand, go to the website indicated on the proxy card and follow the instructions. Internet voting is available twenty-four hours a day, seven days a week until 1:00 a.m. Eastern time on January 10, 2013. Georgia Gulf stockholders will be given the opportunity to confirm that their instructions have been properly recorded. If Georgia Gulf stockholders vote by Internet, they do NOT need to return the proxy card.

*Vote by Telephone:* Georgia Gulf stockholders can vote their shares by telephone if they have a touch-tone telephone. With the enclosed proxy card in hand, call the toll-free number shown on the proxy card and follow the instructions. Telephone voting is available twenty-four hours a day, seven days a week until 1:00 a.m. Eastern time on January 10, 2013. Easy-to-follow voice prompts allow Georgia Gulf stockholders to vote their shares and confirm that their instructions have been properly recorded. If Georgia Gulf stockholders vote by telephone, they do NOT need to return their proxy card.

*Vote by Mail:* Georgia Gulf stockholders can vote their shares by mail, by marking, dating and signing the proxy card, and returning it in the postage-paid envelope provided. If Georgia Gulf stockholders sign the proxy card but do not specify how they want their shares to be voted, their shares will be voted in accordance with the directors' recommendation on the proposals. All properly executed proxy cards received before the polls are closed at the special meeting, and not revoked or superseded, will be voted at the special meeting in accordance with the instructions indicated on those proxy cards.

*Registered Owners:* If a Georgia Gulf stockholder's shares of common stock are registered directly in its name with Georgia Gulf's transfer agent, Computershare Trust Company, N.A., the Georgia Gulf stockholder is considered a registered stockholder with respect to those shares. If this is the case, the proxy materials have been sent or provided directly to the Georgia Gulf stockholder by Computershare Trust Company, N.A.

*Beneficial Owners:* If a Georgia Gulf stockholder holds shares of Georgia Gulf common stock in street name or beneficial name (that is, the Georgia Gulf stockholder holds its shares through a bank, broker or other nominee), the proxy materials have been forwarded to that stockholder by its brokerage firm, bank, or other nominee, or its agent which is considered the stockholder of record with respect to these shares. As the beneficial holder, a Georgia Gulf stockholder has the right to direct its bank, broker or other nominee as to how to vote its shares by using the voting instruction form or proxy card included in the proxy materials, or by voting via the Internet or by telephone, but the scope of its rights depends upon the voting processes of the bank, broker or other nominee. Please carefully follow the voting instructions provided by the broker, bank, or other nominee or its respective agent.

If a Georgia Gulf stockholder signs its proxy card without indicating its vote, its shares will be voted **FOR** approval of the issuance of shares of Georgia Gulf common stock in the Merger, **FOR** the proposal to approve the Articles Amendment, **FOR** the proposal to approve the Plan Amendment, and, if necessary or appropriate, **FOR** the proposal to approve the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies, and in accordance with the recommendations of the Georgia Gulf board of directors on any other matters properly brought before the special meeting for a vote or any adjourned or postponed session of the special meeting.

## **Table of Contents**

### **Index to Financial Statements**

#### **Solicitation of Proxies**

Georgia Gulf will bear the entire cost of soliciting proxies from its stockholders. In addition to solicitation of proxies by mail, proxies may be solicited in person, by telephone or other electronic communications, such as emails or postings on Georgia Gulf's website by Georgia Gulf's directors, officers and employees, who will not receive additional compensation for these services. Georgia Gulf has retained AST Phoenix Advisors to assist in the solicitation of proxies for a fee of \$7,000. Brokerage houses, nominees, custodians and fiduciaries will be requested to forward soliciting material to beneficial owners of stock held of record by them, and Georgia Gulf will reimburse those persons for their reasonable expenses in doing so.

#### **Revocation of Proxies**

If a holder of record of Georgia Gulf common stock has properly completed and submitted its proxy card, the Georgia Gulf stockholder can change its vote in any of the following ways:

by sending a signed notice of revocation to the Corporate Secretary of Georgia Gulf that is received prior to the special meeting stating that the Georgia Gulf stockholder revokes its proxy;

by properly completing a new proxy card bearing a later date and properly submitting it so that it is received prior to the special meeting;

by logging onto the Internet website specified on the proxy card in the same manner a stockholder would to submit its proxy electronically or by calling the toll-free number specified on the proxy card prior to the special meeting, in each case if the Georgia Gulf stockholder is eligible to do so and following the instructions on the proxy card; or

by attending the special meeting and voting in person.

Simply attending the special meeting will not revoke a proxy. In the event of multiple online or telephone votes by a stockholder, each vote will supersede the previous vote and the last vote cast will be deemed to be the final vote of the stockholder unless such vote is revoked in person at the special meeting.

If a Georgia Gulf stockholder holds shares in street name through its bank, broker or other nominee, and has directed such person to vote its shares, it should instruct such person to change its vote, or if in the alternative a Georgia Gulf stockholder wishes to vote in person at the special meeting, it must bring to the special meeting a letter from the bank, broker or other nominee confirming its beneficial ownership of the shares and that the bank, broker or other nominee is not voting the shares at the special meeting.

#### **Adjournments and Postponements**

Although it is not currently expected, the special meeting may be adjourned or postponed, if necessary, for the purpose of soliciting additional proxies if there are not sufficient votes at the time of the special meeting to approve the issuance of shares of Georgia Gulf common stock in the Merger. Any adjournment or postponement may be made from time to time by the affirmative vote of a majority of the shares of Georgia Gulf common stock represented and voting at the special meeting, either in person or by proxy (provided that the total votes cast on the proposal represent over 50% in interest of all shares entitled to vote on the proposal), without further notice other than by an announcement made at the special meeting. Any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies will allow Georgia Gulf stockholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned or postponed.

The adjournment or postponement proposal relates only to an adjournment or postponement of the special meeting occurring for purposes of soliciting additional proxies for the approval of the issuance of shares of Georgia Gulf common stock in the Merger. Georgia Gulf's board of directors retains full authority to adjourn or postpone the special meeting for any other purpose, including the absence of a quorum, or to

postpone the special meeting before it is convened, without the consent of any stockholders.

**Table of Contents**

**Index to Financial Statements**

**Attending the Special Meeting**

All Georgia Gulf stockholders, including stockholders of record and stockholders who hold their shares through banks, brokers or other nominees, are invited to attend the Georgia Gulf special meeting. Stockholders of record can vote in person at the special meeting. To attend the special meeting, Georgia Gulf stockholders need to bring an admission ticket (or letter described below) and valid picture identification. If a Georgia Gulf stockholder's shares are registered in its name and the holder received proxy materials by mail, their admission ticket is attached to their proxy card. If a Georgia Gulf stockholder holds shares through an account with a bank, broker or other nominee, the holder will need to contact its bank, broker or other nominee and request a letter confirming its beneficial ownership of the shares and that the bank, broker or other nominee will not vote the shares at the special meeting, which will serve as the stockholder's admission ticket. Cell phones must be turned off prior to entering the special meeting. Cameras and video, audio or any other electronic recording devices will not be allowed in the meeting room during the special meeting, other than for Georgia Gulf purposes.

Georgia Gulf does not expect representatives of either Ernst & Young LLP or Deloitte & Touche LLP to be present at the special meeting.

**Householding**

SEC rules allow delivery of a single document to households at which two or more stockholders reside. Accordingly, stockholders sharing an address who have been previously notified by their bank, broker or other nominee or its intermediary will receive only one copy of this document, unless the stockholder has provided contrary instructions. Individual proxy cards or voting instruction cards (or electronic voting facilities) will, however, continue to be provided for each stockholder account. This procedure, referred to as householding, reduces the volume of duplicate information received by shareholders, as well as Georgia Gulf's expenses. Stockholders having multiple accounts may have received householding notifications from their respective banks, brokers or other nominees and, consequently, such stockholders may receive only one document. Stockholders who prefer to receive separate copies of the document, may request to receive separate copies of the document by notifying Georgia Gulf's Secretary in writing or by telephone at the following address: Georgia Gulf Corporation, Attn: Corporate Secretary, 115 Perimeter Center Place, Suite 460, Atlanta, Georgia 30346, telephone: (770) 395-4524. Georgia Gulf will provide the document promptly upon request. Stockholders currently sharing an address with another stockholder who wish to have only one proxy statement and annual report delivered to the household in the future should also contact Georgia Gulf's Corporate Secretary.

**Questions and Additional Information**

If Georgia Gulf stockholders have more questions about the Transactions or how to submit their proxy, or if they need additional copies of this document or the enclosed proxy card or voting instructions, please contact:

AST Phoenix Advisors

110 Wall Street

27th Floor

New York, NY 10005

Telephone: (800) 330-5136

or

Georgia Gulf Corporation

115 Perimeter Center Place, Suite 460

Atlanta, Georgia 30346

Attention: Investor Relations

Telephone: (770) 395-4500

**The vote of Georgia Gulf stockholders is important. Please sign, date, and return the proxy card or submit the proxy and/or voting instructions via the Internet or by telephone promptly.**

---

**Table of Contents**

**Index to Financial Statements**

**INFORMATION ON PPG'S OFFER TO EXCHANGE**

In the Transactions, PPG will offer to holders of PPG common stock the right to exchange all or a portion of their PPG common stock for shares of Splitco common stock at a discount to the per-share value of Georgia Gulf common stock. See The Transactions. Splitco has filed a registration statement on Form S-4 and Form S-1 to register shares of its common stock, which will be distributed to PPG shareholders pursuant to a spin-off or a split-off in connection with the Merger. The shares of Splitco common stock will be immediately converted into shares of Georgia Gulf common stock in the Merger. Georgia Gulf has filed a registration statement on Form S-4 to register the shares of its common stock, which will be issued in the Merger. The terms and conditions of the exchange offer are described in Splitco's registration statement and Georgia Gulf's registration statement. Georgia Gulf and Georgia Gulf stockholders are not a party to the exchange offer and are not being asked to separately vote on the exchange offer or to otherwise participate in the exchange offer.

Upon consummation of the exchange offer, PPG will irrevocably deliver to the exchange offer agent a global certificate representing all of the Splitco common stock being exchanged in the exchange offer, with irrevocable instructions to hold the shares of Splitco common stock in trust for the holders of shares of PPG common stock validly tendered and not properly withdrawn in the exchange offer and, in the case of a pro rata distribution, if any, PPG shareholders whose shares of PPG common stock remain outstanding after the consummation of the exchange offer. Shares of Georgia Gulf common stock will be delivered immediately following the expiration of the exchange offer, the acceptance of PPG common stock for exchange, the determination of the final proration factor, if any, and the effectiveness of the Merger, pursuant to the procedures determined by the exchange offer agent and PPG's transfer agent.

Georgia Gulf expects to issue approximately 35,236,010 shares of Georgia Gulf common stock in the Merger, although the exact number of shares to be issued in the Merger will not be known until the closing date. Based upon the reported closing sale price of \$45.65 per share for Georgia Gulf common stock on the NYSE on November 26, 2012 and the 34,538,268 shares of Georgia Gulf common stock issued and outstanding on November 26, 2012, the total value of the shares expected to be issued by Georgia Gulf and the amount of cash received by PPG in the Transactions, including the Term Facility and the Debt Securities, which will be the obligations of Splitco and, following the consummation of the Merger, will be guaranteed by Georgia Gulf, would have been approximately \$2,508.5 million. The value of the consideration to be paid by Georgia Gulf in the Merger will be computed using the value of Georgia Gulf common stock on the closing date, and therefore, the actual purchase price will fluctuate with the market price of Georgia Gulf common stock until the Merger is consummated.

PPG's exchange offer is subject to various conditions listed in Splitco's registration statement and Georgia Gulf's registration statement.

The information included in this section regarding PPG's exchange offer is being provided to Georgia Gulf's stockholders for informational purposes only and does not purport to be complete. For additional information on PPG's exchange offer and the terms and conditions of PPG's exchange offer, Georgia Gulf stockholders are urged to read Splitco's registration statement on Form S-4 and Form S-1, or Georgia Gulf's registration statement on Form S-4, and all other documents Splitco will file with the SEC. This document constitutes only a proxy statement for Georgia Gulf stockholders relating to the approval of the issuance of shares of Georgia Gulf common stock in the Merger and is not an offer to sell or an offer to purchase shares of Georgia Gulf common stock.

---

**Table of Contents**

**Index to Financial Statements**

**INFORMATION ON GEORGIA GULF**

**Overview**

Georgia Gulf Corporation (a Delaware company incorporated in 1983) is a leading, integrated North American manufacturer and international marketer of chemicals and building products. Georgia Gulf manufactures two chemical lines, chlorovinyls and aromatics, as well as vinyl-based building and home improvement products. Georgia Gulf, headquartered in Atlanta, Georgia, has manufacturing facilities located throughout North America to provide industry-leading service to customers.

Georgia Gulf operates through three reportable segments: chlorovinyls products; building products; and aromatics products. These three reportable segments reflect the organization used by its management for purposes of allocating resources and assessing performance. The chlorovinyls segment consists of a highly integrated chain of products, which includes chlorine, caustic soda, ethylene dichloride, vinyl chloride monomer and vinyl resins, vinyl compounds and compound additives and plasticizers. Georgia Gulf's building products segment manufactures window and door profiles, mouldings, siding, pipe and pipe fittings and deck and rail products and markets vinyl-based building and home improvement products under the Royal Building Products and Exterior Portfolio brand names. The aromatics segment consists of cumene and the co-products phenol and acetone.

For the year ended December 31, 2011 and the nine months ended September 30, 2012, Georgia Gulf had \$3,222.9 million and \$2,541.1 million in net sales, respectively.

**Georgia Gulf's Business After the Transactions**

The combination of the PPG Chlor-alkali and Derivatives Business with Georgia Gulf's existing business is intended to make Georgia Gulf an integrated leader across the chlorovinyls chain. Based on industry data from IHS Chemical (formerly known as Chemicals Market Associates Incorporated), Georgia Gulf also anticipates that the Transactions will create: (1) the third largest chlorine producer in North America; (2) the second largest vinyl chloride monomer ( VCM ) producer in North America; (3) the fourth largest polyvinyl chloride ( PVC ) producer in North America; and (4) one of the lowest-cost chlor-alkali producers in the world due to Georgia Gulf's access to low-cost North American natural gas, with approximately 70% integration to natural gas fired cogeneration. Georgia Gulf expects the Transactions to increase its total annual revenues to approximately \$5 billion, as compared to net sales of approximately \$3.2 billion for the twelve months ended September 30, 2012.

Georgia Gulf believes that the Transactions support the following key elements of its strategy:

*Increased integration and diversification of Georgia Gulf's product portfolio.* A key element of Georgia Gulf's strategy has been to increase its level of integration in chlorovinyls. Georgia Gulf expects the Transactions to significantly increase its chlorine and caustic production capacity and flexibility. As a result of the Merger, Georgia Gulf expects the combined company's chlorine and caustic production capacity to increase by nearly 400 percent over Georgia Gulf's existing production capacity on a stand-alone basis. In addition, Georgia Gulf believes the combined company will have significant additional operational flexibility due to the addition of four North American chlorine and caustic production facilities from the PPG Chlor-alkali and Derivatives Business. Accordingly, Georgia Gulf expects that the combined company will be able to satisfy all of its internal chlorine-based product requirements with improved operating rates throughout the cycle and a reduced potential for negative impacts from any planned or unplanned production outages by adding the capability to serve both internal needs and external customers from five North American production facilities instead of a single site. Additionally, Georgia Gulf believes that the combined company will have a more diverse portfolio of chlorine-based products with the addition of muriatic acid or HCL, calcium hypochlorite and chlorinated solvents from the PPG Chlor-alkali and Derivatives Business.



---

**Table of Contents****Index to Financial Statements**

*Focus on organic growth in domestic and export markets.* Georgia Gulf expects that increased chlorine production capacity will create new opportunities for organic growth that were not available to it as a stand-alone company. Historically, Georgia Gulf has been limited in its ability to organically grow its VCM and PVC businesses due to the lack of chlorine production capacity. Georgia Gulf believes that the increased chlorine production capacity discussed above will enable it to produce chlorine in excess of the combined company's demand for chlorine following the consummation of the Merger, as compared to Georgia Gulf on a stand-alone basis, which has the capacity to produce only approximately 50 percent of its chlorine needs. Georgia Gulf expects this increased production capacity to enable it to increase the combined company's VCM and PVC production capacity and related sales to domestic and export markets in the future. Georgia Gulf believes it will be well-positioned to capitalize on these increased opportunities, particularly due to the cost advantaged North American natural gas position and the proximity of the combined company's VCM and PVC production facilities to large Gulf Coast ports.

Prior to consummation of the Transactions, certain functions (such as purchasing, information systems, sales, logistics and distribution) for the PPG Chlor-alkali and Derivatives Business have generally been performed under PPG's centralized systems and, in some cases, under contracts that are also used for PPG's other businesses which are not being assigned to Splitco as a part of the Transactions. To enable Georgia Gulf to manage an orderly transition in its operation of the PPG Chlor-alkali and Derivatives Business, Splitco and PPG will enter into the Transition Services Agreement. Pursuant to the Transition Services Agreement, PPG or its affiliates will generally provide Splitco with services performed by PPG's centralized system and use commercially reasonable efforts during the transition period to provide the benefits of any contracts that cannot be assigned. See "Other Agreements" Transition Services Agreement.

**Georgia Gulf's Liquidity and Capital Resources After the Transactions**

As of September 30, 2012, Georgia Gulf had total assets of \$1,801.0 million and long-term debt of approximately \$497.8 million, net of original issue discount, with none of the debt due currently. Following the consummation of the Transactions, Georgia Gulf's total assets and liabilities will increase significantly. As of September 30, 2012 on a pro forma basis, Georgia Gulf would have had total assets of \$5,381.2 million, current liabilities of approximately \$613.4 million and long-term debt of approximately \$1,397.7 million. Georgia Gulf also expects its cash from operations to increase significantly as a result of the consummation of the Transactions and the integration of the PPG Chlor-alkali and Derivatives Business.

Georgia Gulf made capital expenditures of approximately \$78.0 million for the twelve months ended September 30, 2012. Following the consummation of the Transactions, Georgia Gulf expects capital expenditures to be approximately \$165.0 million on a pro forma basis for the year ending December 31, 2013. This expected increase in capital expenditures is directly related to the expected increase in Georgia Gulf's asset base. Similarly, Georgia Gulf's cash from operations was approximately \$232.9 million for the twelve months ended September 30, 2012. Following the consummation of the Transactions and after taking into account expected synergies, Georgia Gulf expects cash from operations to be in the range of \$350.0 million to \$400.0 million for the year ending December 31, 2013.

Georgia Gulf believes that the combination of the operations, purchasing and logistics networks of the PPG Chlor-alkali and Derivatives Business with Georgia Gulf's existing business will result in annualized cost synergies of approximately \$115.0 million within two years from the consummation of the Transactions as a result of (1) approximately \$40 million in savings from procurement and logistics, (2) approximately \$35 million in savings from operating rate optimization and (3) approximately \$40 million in savings from reduced general and administrative expenses, including reduced overhead, information technology savings and the impact of purchase accounting pension adjustments. Georgia Gulf expects to incur significant, one-time costs in connection with the Transactions, including approximately (1) \$25 to \$30 million of advisory, legal, accounting and other professional fees related to the Transactions, (2) \$30 to \$40 million of financing related fees and (3) \$55 million

---

**Table of Contents****Index to Financial Statements**

in transition and integration expenses, such as consulting professionals' fees, information technology implementation costs and relocation and severance costs, that Georgia Gulf management believes are necessary to realize approximately \$115.0 million of annualized cost synergies within two years from the consummation of the Transactions. No assurances of the timing or amount of synergies able to be captured, or the costs necessary to achieve those synergies, can be provided.

Following the consummation of the Transactions, the approximately \$225.0 million in borrowings under the Term Facility and approximately \$675.0 million in Debt Securities will be the debt obligations of Splitco, a wholly-owned subsidiary of Georgia Gulf, and these obligations will be guaranteed by Georgia Gulf and certain of its subsidiaries. In addition, Georgia Gulf expects to enter into the New ABL Revolver (as described in the section of this document entitled "Debt Financing - New ABL Revolver") which is expected to, among other things, increase revolver availability to \$500.0 million.

In the Transactions, Georgia Gulf, through Splitco, will assume substantial tax-qualified and non tax-qualified pension obligations related to employees and retirees of the PPG Chlor-alkali and Derivatives Business. In connection therewith, the legally required level of pension assets will be transferred from the tax-qualified PPG pension plans to the new pension plans to be established by Georgia Gulf in respect of those liabilities. In addition to the standard minimum funding requirements, the Pension Act requires companies with tax-qualified defined benefit pension plans to make contributions to such plans as frequently as quarterly in order to meet the funding target for such plans, as defined in the Pension Act. The failure to meet a funding target could result in the imposition of fines or penalties. Funding obligations with respect to tax-qualified pension plans change due to, among other things, the actual investment return on plan assets. Continued volatility in the capital markets may have a further negative impact on the funded status of tax-qualified pension plans, which may in turn increase attendant funding obligations. The unfunded status of the pension obligations to be assumed by Georgia Gulf calculated on a projected benefit obligation basis as of December 31, 2011 was approximately \$80 million, of which the unfunded non-qualified pension liabilities to be assumed by Georgia Gulf were calculated to be approximately \$25 million as of December 31, 2011. The unfunded other post-retirement benefits obligations to be assumed by Georgia Gulf as of December 31, 2011 were approximately \$177 million. Georgia Gulf estimates that it will fund approximately \$20 million to \$25 million to the assumed pension and other post retirement benefit plans for the year ended December 31, 2013. Given the amount of pension assets transferred from the tax-qualified PPG pension plans to the new pension plans to be established by Georgia Gulf, and subject to the foregoing variables, and the uncertainties associated therewith, it is possible that Georgia Gulf could be required to make substantial contributions in future years to the new pension plans. These contributions could restrict available cash for Georgia Gulf's operations, capital expenditures and other requirements, and may materially adversely affect its financial condition and liquidity. In addition, nonqualified pension liabilities to be assumed by Georgia Gulf are unfunded and no assets will be transferred by PPG to Georgia Gulf in respect of these liabilities. These obligations will require annual funding that could restrict cash available to Georgia Gulf for other purposes.

Georgia Gulf anticipates that its primary sources of liquidity for working capital and operating activities, including any future acquisitions, will be cash provided by operations, and availability under the New ABL Revolver. Georgia Gulf expects these sources of liquidity will be sufficient to make required payments of interest on Georgia Gulf debt and fund working capital and capital expenditure requirements. Georgia Gulf expects that it will be able to comply with the financial covenants of the New ABL Revolver and the Term Facility and the covenants under the indentures for the 9 percent notes and the Debt Securities.

For more information on the PPG Chlor-alkali and Derivatives Business's and Georgia Gulf's existing sources of liquidity, see the section of this document entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations for the PPG Chlor-alkali and Derivatives Business" and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Georgia Gulf's annual report on Form 10-K for the year ended December 31, 2011 and quarterly report on Form 10-Q for the quarter ended September 30, 2012, each filed with the SEC and incorporated by reference into this document. See "Where You Can Find More Information; Incorporation by Reference."

**Table of Contents****Index to Financial Statements****Directors and Officers of Georgia Gulf Before and After the Transactions*****Board of Directors***

The Merger Agreement provides that in connection with the Merger, Georgia Gulf will increase the size of its board of directors by three members, and that three individuals selected by PPG and approved by the Nominating and Governance Committee of the board of directors of Georgia Gulf will be appointed to fill the vacancies. In accordance with the Merger Agreement, these individuals will also be nominated for re-election to the board of directors of Georgia Gulf at Georgia Gulf's 2013 annual meeting of stockholders.

Listed below is the biographical information for each person who is currently a member of the board of directors of Georgia Gulf.

Paul D. Carrico, age 61, has been a director and has served as Georgia Gulf's President and Chief Executive Officer since February 2008. Prior thereto, he had served as Vice President, Chemicals and Vinyls of Georgia Gulf since October 2006, Vice President, Polymer Group of Georgia Gulf from May 2005 until October 2006 and Business Manager, Resin Division of Georgia Gulf from 1999, when he joined Georgia Gulf, until May 2005. Mr. Carrico earned a Masters degree in Engineering from the University of Louisville and a Masters degree in Management from Massachusetts Institute of Technology.

T. Kevin DeNicola, age 58, has served as a director since September 2009. Mr. DeNicola served as Chief Financial Officer of Kior, Inc., a biofuels business, from November 2009 until January 2011. Prior to that role, he was Senior Vice President and Chief Financial Officer at KBR, Inc., a leading global engineering, construction and services company supporting the energy, hydrocarbon, government services and civil infrastructure sectors from June 2008 through September 2009. Prior to this role, he served in various positions, including Senior Vice President and Chief Financial Officer at Lyondell Chemical Company ( Lyondell ) from May 2002 to December 2007. Subsequent to Mr. DeNicola's departure from Lyondell after its acquisition by Basell AF S.C.A., but within the two-year period thereafter, Lyondell Basell filed a petition for reorganization under the Federal bankruptcy laws. Mr. DeNicola earned a Masters degree in Chemical Engineering from the University of Virginia and a Masters of Business Administration from Rice University. Mr. DeNicola is a director of Comerica, Incorporated.

Patrick J. Fleming, age 69, has served as a director since February 2000 and served as non-executive Chairman of the board of directors from February 2008 until January 2010. In addition, Mr. Fleming served as chairman of the compensation committee from May 2004 until February 2008. Mr. Fleming has been a self-employed energy consultant since retiring from Texaco Inc. in January 2000. In 1998 and 1999, he served as the Managing Director and Chief Executive Officer of Calortex Inc., a joint venture between Texaco, Calor Gas and Nuon International, and resided in the United Kingdom. From 1994 to December 1997, Mr. Fleming was President of Texaco Natural Gas, Inc. Mr. Fleming earned a Masters of Business Administration from Xavier University and a Bachelor of Arts degree in Economics from Muskingum College.

Robert M. Gervis, age 52, has served as a director since September 2009. He founded Epilogue, LLC, a private advisory firm, and has served as the Managing Member and President since April 2009. Prior to this role, he served in various senior executive positions at Fidelity Investments from 1994 to March 2009; and before Fidelity, Mr. Gervis was a partner in the international law firm of Weil, Gotshal & Manges. Mr. Gervis earned a Juris Doctorate from The George Washington University and a Bachelor's degree in Industrial Engineering from Lehigh University. Mr. Gervis is also a CFA charterholder. Mr. Gervis is a director of Aspen Aerogels, Inc., a manufacturer of aerogel insulation products sold to the oil and gas, cryogenic transportation, building and construction, military and aerospace industries.

Stephen E. Macadam, age 52, has served as a director since September 2009. He has been Chief Executive Officer and a director of Enpro Industries, Inc., a leading provider of engineered industrial products for processing, general manufacturing and other industries worldwide, since April 2008. Prior to this role, he served as Chief Executive Officer of BlueLinX Holdings, a leading distributor of building products in the United States,

**Table of Contents****Index to Financial Statements**

from October 2005 until February 2008, and as Chief Executive Officer of Consolidated Container Company from August 2001 to October 2005. Prior to August 2001, Mr. Macadam served as Executive Vice President, Pulp and Paperboard, of Georgia-Pacific Corporation beginning in 1998. Mr. Macadam earned a Masters degree in Finance from Boston College and a Masters of Business Administration from Harvard Business School.

William L. Mansfield, age 64, was appointed to serve as a director of Georgia Gulf, effective September 11, 2012. Mr. Mansfield served as the Chairman of Valspar Corporation ( Valspar ), a leading manufacturer of paint and coatings, until his retirement in 2012. He became Chairman of Valspar in August 2008 and previously served as Chief Executive Officer of Valspar from February 2005 until his retirement in June 2011. Mr. Mansfield was President of Valspar from February 2005 to February 2008. Mr. Mansfield earned a Bachelor of Science degree in commerce and engineering from Drexel University in 1971 and a Masters in Business Administration from Lehigh University. Mr. Mansfield has served as a director of Valspar since 2005 and also serves as a director of Bemis Company, Inc., a leading flexible packaging company.

Mark L. Noetzel, age 55, has served as a director since September 2009 and as the non-executive Chairman of the Board since January 2010. He was President and CEO of Cilion, Inc., a venture capital backed renewable fuel company, from August 2007 to May 2009. Prior to this role, he had served in several senior positions at BP plc, including Group Vice President, Global Retail, from 2003 until 2007, Group Vice President, B2B Fuels and New Markets, during 2001 and 2002 and Group Vice President, Chemicals, from 1998 until 2001. Prior to those senior management roles with BP plc, Mr. Noetzel served in other management and non-management roles with Amoco from 1981 until BP plc acquired Amoco in 1998. Mr. Noetzel earned a Bachelor's degree from Yale University and a Masters of Business Administration from the Wharton School at the University of Pennsylvania. Mr. Noetzel is chairman of the board of directors of Aspen Aerogels, Inc., a manufacturer of aerogel insulation products sold to the oil and gas, cryogenic transportation, building and construction, military and aerospace industries. In addition, he serves on the board of Siluria Technologies, Inc., which has developed a proprietary process technology which directly converts natural gas to ethylene.

David N. Weinstein, age 53, has served as a director since September 2009. He has been a business consultant specializing in reorganization activities since September 2008. Prior thereto, Mr. Weinstein served as Managing Director and Group Head, Debt Capital Markets-High Yield and Leverage Finance at Calyon Securities, a global provider of commercial and investment banking products and services for corporations and institutional clients, from March 2007 to August 2008. Before assuming that role, Mr. Weinstein was a consultant specializing in business reorganization and capital market activities from September 2004 to February 2007. Prior thereto, Mr. Weinstein was a Managing Director and Head of High Yield Capital Markets at BNP Paribas, BankBoston Securities and Chase Securities, Inc., and head of the capital markets group in the High Yield Department at Lehman Brothers. Mr. Weinstein earned a Bachelor's degree from Brandeis University and a Juris Doctorate from Columbia University School of Law. Mr. Weinstein served as the Chairman of the board of directors of Pioneer Companies, Inc. from January 2002 to December 2005, the Chairman of the board of directors of York Research Corp. from November 2002 to June 2004, and as a director of Interstate Bakeries Corporation from August 2006 to January 2007. Mr. Weinstein is a director of Granite Broadcasting Corporation, Horizon Lines, Inc. and DeepOcean Group Holding AS.

Listed below is the biographical information for the individual who has been identified to Georgia Gulf by PPG as an individual to be selected by PPG for appointment to the board of directors of Georgia Gulf upon the closing of the Transactions. Prior to the closing of the Transactions, and in accordance with the terms of the Merger Agreement, PPG will select two additional individuals to be appointed to Georgia Gulf's board of directors.

Michael H. McGarry, age 54, is an executive vice president of PPG with responsibility for the PPG Chlor-alkali and Derivatives Business through the consummation of the Merger, as well as PPG's global aerospace products and automotive refinish businesses. Mr. McGarry also has responsibility for PPG's Asia Pacific region and its global information technology and environmental, health and safety functions. He held the position of Senior Vice President, Commodity Chemicals, of PPG from 2008 until August 2012, and of Vice President,

**Table of Contents**

**Index to Financial Statements**

Coatings, Europe and Managing Director, PPG Europe from July 2006 until June 2008. Prior to that, he served as Vice President, Chlor-Alkali and Derivatives of PPG from March 2004 through June 2006. Mr. McGarry is remaining in the employ of PPG after the Merger. He is a graduate of The University of Texas at Austin with a Bachelor's Degree in Mechanical Engineering.

***Executive Officers***

The executive officers of Georgia Gulf immediately prior to the consummation of the Merger are expected to be the executive officers of Georgia Gulf immediately following the consummation of the Merger. Listed below is the biographical information for each person who is currently an executive officer of Georgia Gulf.

Joseph C. Breunig, 51, has served as Executive Vice President, Chemicals, since August 2010. Before then he was employed by BASF Corporation where since 2005, he held the position of Executive Vice President and President of Market and Business Development for North America.

Paul D. Carrico, 61, has been a director and has served as Georgia Gulf's President and Chief Executive Officer since February, 2008. Before then, he had served as Vice President, Chemicals and Vinyls since October 2006, Vice President, Polymer Group from May 2005 until October 2006, and Business Manager, Resin Division from 1999, when he joined Georgia Gulf, until May 2005.

Timothy Mann, Jr., 47, has served as Executive Vice President, General Counsel and Secretary since July 2012. Before that time, he was a partner at the international law firm of Jones Day, where his practice focused primarily on public and private merger and acquisition activities and corporate governance, including executive compensation and general corporate counseling.

Mark J. Orcutt, 57, has served as Executive Vice President, Building Products since December 2008. Before then, he was employed by PPG Industries, Inc., most recently as Vice President Performance Glazing since 2003.

Gregory C. Thompson, 57, has served as Chief Financial Officer since February 2008. Before then, he served as Senior Vice President and Chief Financial Officer of Invacare Corporation, a medical equipment manufacturer, since 2002.

James L. Worrell, 58, has served as Vice President, Human Resources, since September 2006. Before then, Mr. Worrell served as the Director of Human Resources since 1993, prior to which he was a Manager of Human Resources since Georgia Gulf's inception.

---

**Table of Contents****Index to Financial Statements****INFORMATION ON THE PPG CHLOR-ALKALI AND DERIVATIVES BUSINESS****General**

The PPG Chlor-alkali and Derivatives Business is a producer and supplier of basic chemicals. The PPG Chlor-alkali and Derivatives Business produces chlor-alkali and derivative products, including chlorine, caustic soda, VCM, chlorinated solvents, calcium hypochlorite, ethylene dichloride, HCl and phosgene derivatives. Most of these products are sold directly to manufacturing companies in the chemical processing, plastics, paper, minerals, metals, agricultural products and water treatment industries. For the fiscal year ended December 31, 2011, the PPG Chlor-alkali and Derivatives Business generated net sales of \$1,741.0 million and net income of \$233.0 million. In the Transactions, PPG will transfer the assets and liabilities related to the PPG Chlor-alkali and Derivatives Business, including certain subsidiaries of PPG, to Splitco, a newly formed, direct wholly-owned subsidiary of PPG that was organized specifically for the purpose of effecting the Separation or one of Splitco's subsidiaries. In exchange for all the issued and outstanding common stock of Splitco, PPG will receive the cash proceeds of approximately \$225.0 million from the Term Facility and will receive the Debt Securities in an aggregate principal amount of approximately \$675.0 million. Splitco has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and those incurred in connection with the Transactions.

**Products*****Chlor-alkali Products***

Chlor-alkali products include caustic soda, chlorine, hydrogen and muriatic acid. Caustic soda is an essential ingredient in a variety of industrial applications and is used in the manufacturing of pulp and paper, soap and detergent, textiles, aluminum and petrochemical refining. Chlorine is well known for its disinfecting ability and is an essential reagent in the chemical industry and serves as an important element in thousands of products, including PVC, VCM, titanium dioxide, epoxy resins, bleach and pool chemicals. Approximately 40 percent of the chlorine production of the PPG Chlor-alkali and Derivatives Business is used in the manufacture of PVC. PVC is a plastic used in applications such as vinyl siding, plumbing and automotive parts. Muriatic acid (also called hydrochloric acid) is used in chemicals and pharmaceutical production, food processing, steel pickling and natural gas and oil production.

***Chlorinated Ethylenes***

Chlorinated ethylene products include ethyl chloride, ethylene dichloride, perchloroethylene, trichloroethylene, tri-ethane<sup>®</sup>, VersaTRANS<sup>®</sup> and vinyl chloride monomer. Ethyl chloride serves as a base or intermediate in various coatings, films, plastics and gasoline additives. Ethylene dichloride is primarily used as an intermediate for making vinyl chloride. Trichloroethylene is a chlorinated solvent that is an excellent degreaser and an essential component for refrigerants. Perchloroethylene is a chlorinated solvent that is used extensively by dry cleaning plants. Other applications for perchloroethylene include vapor degreasing, and use as a chemical intermediate and processing solvent. VCM is polymerized to PVC. The PPG Chlor-alkali and Derivatives Business's specialty solvents are also used for high performance polymers, electronics cleaning, precision cleaning, and certain metal cleaning applications.

***Calcium Hypochlorite***

Calcium hypochlorite is an important general purpose sanitizer that is used in a range of water treatment applications, including swimming pools, drinking water, wastewater, safety and irrigation. The PPG Chlor-alkali and Derivatives Business's products include the Accu-Ta<sup>®</sup> chlorination system, which combines patented erosion feeder chlorinator technology with proprietary calcium hypochlorite tablets, offering a chlorination solution for industrial and swimming pool applications.

---

**Table of Contents**

**Index to Financial Statements**

***Specialty Phosgene Derivatives***

The PPG Chlor-alkali and Derivatives Business's phosgene derivatives are specialty chemicals that are used in the production of agricultural chemicals, organic chemicals, pharmaceuticals and plastics.

**Manufacturing and Facilities**

Chlorine and caustic soda are produced by subjecting a brine (sodium chloride) solution to an electric current, creating a chemical reaction that results in chlorine gas, hydrogen gas and caustic soda (sodium hydroxide). These co-products are produced simultaneously, and in a fixed ratio of 1.0 ton of chlorine to 1.1 tons of caustic soda and 0.03 tons of hydrogen. A portion of these products are used internally in the PPG Chlor-alkali and Derivatives Business to produce the PPG Chlor-alkali and Derivatives Business's other chlor-alkali products. These other products, along with the chlorinated ethylenes, calcium hypochlorite and specialty phosgene derivative products, are sold to third parties, primarily manufacturing companies in the chemical processing, plastics (including PVC), paper, minerals, metals and water treatment industries.

With sales, marketing, customer service, logistics, production planning, finance and research and development based in Monroeville, Pennsylvania, the PPG Chlor-alkali and Derivatives Business owns and operates plants in Lake Charles, Louisiana; Natrium, West Virginia; La Porte, Texas; Longview, Washington; Beauharnois, Quebec; and Kaohsiung, Taiwan. PPG considers these facilities to be suitable and adequate for the purposes for which they are intended and have sufficient capacity to conduct business. Except as noted below, each of these facilities will be transferred to Splitco prior to the Distribution.

The Monroeville facility houses the PPG Chlor-alkali and Derivatives Business's management, customer service and research and development operations. This facility also houses certain other PPG operations that will not be transferred to Splitco prior to the Distribution. As such, PPG and Splitco will enter into the Monroeville Shared Facilities Agreement that will govern the sharing of this facility after the closing of the Transactions for a minimum of one year (see Other Agreements Monroeville Shared Facilities Agreement for a more detailed description of this agreement).

The Lake Charles facility produces various forms of caustic soda, chlorine, hydrogen, muriatic acid, ethyl chloride, ethylene dichloride, perchloroethylene, trichloroethylene, tri-ethane<sup>®</sup> solvent, and VersaTRANS<sup>®</sup> solvent. This facility also produces VCM through PHH, a joint venture with Georgia Gulf. In connection with the Merger, PPG's interest in this joint venture will be transferred to Splitco and, following the completion of the Transactions, PHH will be wholly-owned by Georgia Gulf. Electricity and steam for the Lake Charles facility are produced by both PPG-owned power plant assets as well as toll produced for the PPG Chlor-alkali and Derivatives Business by RS Cogen, a joint venture in which PPG owns a 50 percent interest. PPG's 50 percent interest in RS Cogen will be transferred to Splitco prior to the Distribution in connection with the Separation and, following the completion of the Transactions, will be owned by Georgia Gulf. RS Cogen operates a process steam, natural gas-fired cogeneration facility adjacent to the PPG Chlor-alkali and Derivatives Business's Lake Charles facility. The PPG Chlor-alkali and Derivatives Business's future commitment to purchase electricity and steam from RS Cogen approximates \$23 million per year, subject to contractually defined inflation adjustments, for the next 11 years. The PPG Chlor-alkali and Derivatives Business's purchases of electricity and steam from RS Cogen for the years ended December 31, 2011, 2010 and 2009 were approximately \$23 million in each year. PPG will continue to manufacture silicas at the Lake Charles Facility as part of its optical and specialty materials business. PPG and Splitco will enter into a Shared Facilities, Services and Supply Agreement that will govern the sharing of the Lake Charles facility between PPG and Splitco after the closing of the Transactions (see Other Agreements Shared Facilities, Services and Supply Agreement for a more detailed description of this agreement).

The Natrium facility produces calcium hypochlorite, various forms of caustic soda, chlorine, hydrogen and muriatic acid.

The LaPorte facility produces phosgene derivatives, muriatic acid and other specialty chemicals.

## **Table of Contents**

### **Index to Financial Statements**

The Longview facility produces caustic soda, chlorine, hydrogen and muriatic acid.

The Beauharnois facility produces sodium hypochlorite, caustic soda, chlorine and muriatic acid.

The Kaohsiung facility is operated by TCI, a joint venture between PPG and China Petrochemical Development Corporation. This facility produces sodium hypochlorite, caustic soda, chlorine, hydrogen and muriatic acid. The operation of a facility outside of the United States exposes PPG to a number of risks not present in domestic operations, including, but not limited to, limitations on the repatriation of profits, if any, less developed or protective laws relating to intellectual property and manufacturing, risks relating to governmental intervention, potential adverse actions directed towards non-citizen owners, and others. For more information about the transfer of PPG's interest in TCI to Splitco, see The Separation Agreement Transfer of the TCI Interests .

### **Sales and Distribution**

The PPG Chlor-alkali and Derivatives Business markets all of its products primarily through a direct sales force. The PPG Chlor-alkali and Derivatives Business's primary customers are major chemical companies, industrial end-users, and distributors. In 2011, the PPG Chlor-alkali and Derivatives Business's top ten customers accounted for 36 percent of its sales. The majority of products are shipped from a production facility directly to the customer via truck, rail, barge and/or ship. The remaining products are shipped from production facilities to third party chemical terminals and warehouses until being sold to customers. Historically, approximately 80 percent of the PPG Chlor-alkali and Derivatives Business's sales are to customers located in North America.

### **Raw Materials and Energy**

The PPG Chlor-alkali and Derivatives Business's primary raw materials are brine and ethylene. Natural gas is also a significant production input cost for the PPG Chlor-alkali and Derivatives Business's products. The PPG Chlor-alkali and Derivatives Business purchases 40-to-50 trillion BTUs of natural gas each year. Inclusive of the impact of PPG's natural gas hedging activities, PPG's 2011 natural gas unit cost decreased 15 percent in the U.S. compared to 2010, reflecting higher natural gas supply stemming from the success of shale gas drilling. During 2011, the PPG Chlor-alkali and Derivatives Business's costs for ethylene increased substantially compared to 2010, driven by a combination of tight supplies due to production outages and increased global demand, particularly in U.S. exports of ethylene derivative products. The 2011 ethylene cost increase was partially offset by the lower cost of natural gas. Most of the raw materials and energy used in production are purchased from outside sources, and the PPG Chlor-alkali and Derivatives Business has made, and plans to continue to make, supply arrangements to meet the planned operating requirements for the future. Supply of critical raw materials and energy is managed by establishing contracts with multiple sources when possible. Georgia Gulf anticipates that similar sources of supply of raw materials critical to the PPG Chlor-alkali and Derivatives Business will be available to it following consummation of the Transactions.

### **Research and Development**

The PPG Chlor-alkali and Derivatives Business spends on average \$2 million annually in research and development, representing less than 1% of sales. Current research and development is focused on electrolytic cell technology, catalyst optimization for chlorinated derivatives, energy reduction, process optimization and new product development and Tephram® licensing support.

The development of Tephram® non-asbestos diaphragms has been the most significant contribution of the PPG Chlor-alkali and Derivatives Business research and development. This product has enabled significant cost savings for the business, eliminated asbestos usage in the plants and provided licensing and sales income. Calcium hypochlorite research is focused on new product development, new applications, and product modifications. The most significant development has been the proprietary Accu-Tab® system that combines patented erosion feeder chlorinator technology with proprietary calcium hypochlorite tablets.



---

**Table of Contents****Index to Financial Statements****Seasonality**

The PPG Chlor-alkali and Derivatives Business's sales are affected by the cyclical nature of the economy and the seasonality of the construction industry. The chlor-alkali industry is cyclical, both as a result of changes in demand for each of the co-products and as a result of changes in manufacturing capacity. Chlorine and caustic soda are co-products and are produced by a continuous chemical reaction in a fixed ratio of 1 unit of chlorine to 1.1 units of caustic soda. The production of one co-product can be constrained both by manufacturing capacity and/or by the ability to sell the co-product because chlorine is a gas and difficult to store. Therefore, prices for both products respond rapidly to changes in supply and demand conditions in the industry. Historically, the results of operations of the PPG Chlor-alkali and Derivatives Business have been impacted by the changing level of sales pricing and sales volume of chlorine and caustic soda resulting from the changes in supply and demand from the co-products in the industry. The changes in the supply/demand balance in the industry for chlorine and caustic soda and the resultant impacts on chlorine and caustic soda pricing and the PPG Chlor-alkali and Derivatives Business's production operating rate are important factors in explaining the quarter-to-quarter variation in the PPG Chlor-alkali and Derivatives Business's sales and earnings. The PPG Chlor-alkali and Derivatives Business experiences its highest level of activity during the spring and summer months. Thus, the PPG Chlor-alkali and Derivatives Business's second and third quarter operating results are typically the strongest. The PPG Chlor-alkali and Derivatives Business's first and fourth quarter operating results usually reflect a decrease in construction activity and water treatment due mainly to weather patterns in those periods.

**Competition**

The PPG Chlor-alkali and Derivatives Business currently competes primarily with the following other major domestic producers of chlor-alkali products: The Dow Chemical Company, Formosa Plastics Corporation, U.S.A., Occidental Chemical Corporation, Olin Corporation, Shintech, Inc. and Westlake Chemical Corporation. The price of imported versus domestically produced caustic soda can also impact the supply of product available in the marketplace. Price, product availability, product quality, distribution capabilities, and customer service are the key competitive factors.

**Regulation and Environmental Matters**

The PPG Chlor-alkali and Derivatives Business is subject to various federal, state, local and foreign laws relating to the protection of the environment, human health and safety, and the use and shipment of chemicals.

In March 2011, the United States Environmental Protection Agency ( USEPA ) proposed amendments to the national emission standards for hazardous air pollutants for mercury emissions from mercury cell chlor-alkali plants known as the Mercury MACT regulations. USEPA's proposed amendments would require improvements in work practices to reduce fugitive emissions and would result in reduced levels of mercury emissions while still allowing the mercury cell facilities to continue to operate. The PPG Chlor-alkali and Derivatives Business currently operates a 200 ton-per-day mercury cell production unit at its Natrium, West Virginia facility, which constitutes approximately 4% of the PPG Chlor-alkali and Derivatives Business's total chlor-alkali production capacity. No assurances as to the timing or content of the final rule, or its ultimate impact on the PPG Chlor-alkali and Derivatives Business, can be provided.

Separately, the PPG Chlor-alkali and Derivatives Business discharges its wastewater from its Natrium, West Virginia facility into the Ohio River pursuant to a National Pollution Discharge Elimination System ( NPDES ) permit issued by the West Virginia Department of Environmental Protection ( WVDEP ). Because it discharges into the Ohio River, PPG's NPDES permit terms must conform to pollution control standards for the Ohio River set by ORSANCO. ORSANCO has adopted an ambient water column standard criterion for mercury in the Ohio River and in 2009, adopted certain standards that prohibit, as of October 16, 2013, the use of a "mixing zone" as used by, among others, the PPG Chlor-alkali and Derivatives Business to meet the standards for certain bioaccumulative chemicals, including mercury. In September 2011, PPG submitted a request, on behalf of the

---

**Table of Contents****Index to Financial Statements**

PPG Chlor-alkali and Derivatives Business, for a variance from the mixing zone prohibition in ORSANCO's Pollution Control Standards. PPG, on behalf of the PPG Chlor-alkali and Derivatives Business, requested continued use of a mixing zone for mercury through the life of the current permit, which is valid through January 2014 and for any subsequent permits. On October 12, 2012, ORSANCO granted PPG's request for a variance which will allow PPG to continue to have a mixing zone for its discharge of mercury for a five-year period after ORSANCO's prohibition on mixing zones takes effect on October 16, 2013.

In March 2011, the USEPA issued Clean Air Act emissions standards for large and small boilers and incinerators that burn solid waste known as the Boiler MACT regulations. These regulations are aimed at controlling emissions of toxic air contaminants. As a result of numerous petitions from both industry and environmental groups, the USEPA was required to reconsider its March 2011 final rule. On December 23, 2011, the USEPA's Proposed Rule reconsidering the Boiler MACT regulations was published in the Federal Register. The USEPA has indicated its intent to issue the final regulations in 2012 requiring that covered facilities achieve compliance within three years. The 115 megawatt coal fired power plant at the PPG Chlor-alkali and Derivatives Business's Natrium, West Virginia facility would be the source most significantly impacted by the Boiler MACT regulations. The PPG Chlor-alkali and Derivatives Business continues to evaluate alternative paths of either retrofitting the Natrium boilers to burn natural gas or to engineer and install pollution control equipment. The estimated potential cost for these capital improvements at the Natrium facility could be in the \$15-\$30 million range. No assurances as to the timing or content of the final regulations, or their ultimate impact on the PPG Chlor-alkali and Derivatives Business, can be provided.

In Lake Charles, Louisiana, the USEPA completed an investigation of contamination levels in the Calcasieu River Estuary and issued a Final Remedial Investigation Report in September 2003, which incorporates the Human Health and Ecological Risk Assessments, indicating that elevated levels of risk exist in the estuary. The PPG Chlor-alkali and Derivatives Business and other potentially responsible parties completed a feasibility study under the authority of the Louisiana Department of Environmental Quality (LDEQ). The PPG Chlor-alkali and Derivatives Business's exposure with respect to the Calcasieu River Estuary is focused on the lower few miles of Bayou d'Inde, a small tributary to the Calcasieu River Estuary near the Lake Charles facility, and about 150 to 200 acres of adjacent marshes. The PPG Chlor-alkali and Derivatives Business and three other potentially responsible parties submitted a draft remediation feasibility study report to the LDEQ. The proposed remedial alternatives include sediment dredging, sediment capping, and biomonitoring of fish and shellfish. Principal contaminants of concern which may require remediation include various metals, dioxins and furans, and polychlorinated biphenyls. In March 2011, LDEQ issued a final decision document for the Bayou d'Inde area. The decision document includes LDEQ's selection of remedial alternatives for the Bayou d'Inde area and is in accordance with those recommended in the feasibility study.

In June 2011, the agency proposed entering into a new Cooperative Agreement with the four companies to implement the remedy for Bayou d'Inde based on the final decision document, and transmitted a draft document for the companies' consideration. At the same time, the companies initiated discussions among themselves on allocation of costs associated with remedy implementation. In October 2011, one of the three other potentially responsible parties that had participated in funding the feasibility study withdrew from further discussions with LDEQ regarding implementation of the remedy. The withdrawal of this party did not have an effect on the cost to the PPG Chlor-alkali and Derivatives Business to complete this remedy implementation. On August 6, 2012, the PPG Chlor-alkali and Derivatives Business and the two remaining parties submitted a revised Cooperative Agreement to LDEQ and are awaiting LDEQ's response. The estimated costs associated with the PPG Chlor-alkali and Derivatives Business's responsibility with respect to this Cooperative Agreement are consistent with the amounts currently reserved by the PPG Chlor-alkali and Derivatives Business for this project.

Multiple future events, such as remedy design and remedy implementation involving agency action or approvals related to the Calcasieu River Estuary will be required and considerable uncertainty exists regarding the timing of these future events. Final resolution of these events is expected to occur over an extended period of time. However, based on currently available information, design approval could occur in 2012. The remedy

---

**Table of Contents**

**Index to Financial Statements**

implementation could occur during 2013 to 2015, with some period of long-term monitoring for remedy effectiveness to follow. No assurances as to the ultimate costs or timing of any payments required in connection with these alleged violations can be provided.

As of September 30, 2012, the PPG Chlor-alkali and Derivatives Business had reserves for environmental contingencies totaling \$33 million of which \$5 million was classified as a current liability. The reserve at September 30, 2012 included \$32 million for environmental contingencies associated with the Calcasieu River Estuary and two operating plant site locations of the PPG Chlor-alkali and Derivatives Business and \$1 million for other environmental contingencies. Pre-tax charges against income for environmental remediation costs for the nine months ended September 30, 2012 totaled \$2 million. Cash outlays related to such environmental remediation aggregated \$4 million in the nine months ended September 30, 2012. Management expects cash outlays for environmental remediation to be \$2 million in the fourth quarter of 2012 and to range from \$10 million to \$20 million per year through 2014 and \$3 million to \$5 million per year through 2016. The expected increase in spending through 2014 is primarily attributable to remediation of the Calcasieu River Estuary. Capital expenditures for environmental control projects were \$2 million, \$1 million and \$1 million in 2011, 2010 and 2009, respectively, and are expected to total \$1 million in 2012 and \$9 million in 2013. The planned increase in capital expenditures in 2013 primarily relates to spending that may be necessary to comply with the yet to be released final Boiler MACT regulations. No assurances can be provided as to the extent of capital expenditures, or the timing thereof, required for the PPG Chlor-alkali and Derivatives Business to comply with any final Boiler MACT regulations.

For more information about the PPG Chlor-alkali and Derivatives Business's environmental matters, see Note 16, Commitments and Contingent Liabilities, to the audited combined financial statements of the PPG Chlor-alkali and Derivatives Business as of and for the year ended December 31, 2011, as updated in Note 16 to the unaudited condensed combined financial statements of the PPG Chlor-alkali and Derivatives Business as of and for the nine months ended September 30, 2012, each appearing elsewhere in this document.

**Legal Proceedings**

PPG is involved in a number of lawsuits and claims, both actual and potential, including some that it has asserted against others, in which substantial monetary damages are sought and that relate to the PPG Chlor-alkali and Derivatives Business. These lawsuits and claims relate to contract, environmental, product liability and other matters arising out of the conduct of the PPG Chlor-alkali and Derivatives Business's current and past business activities.

The results of any future litigation and the above lawsuits and claims are inherently unpredictable. However, PPG management believes that, in the aggregate, the outcome of all lawsuits and claims involving the PPG Chlor-alkali and Derivatives Business will not have a material effect on the PPG Chlor-alkali and Derivatives Business's combined financial position or liquidity; however, such outcome may be material to the results of operations of any particular period in which costs, if any, are recognized.

PPG received a Consolidated Compliance Order and Notice of Proposed Penalty ( CO/NOPP ) from LDEQ in February 2006 alleging violation of various requirements of the Lake Charles facility's air permit, based largely upon permit deviations self-reported by PPG. The CO/NOPP did not contain a proposed civil penalty. PPG filed a request for hearing and has engaged LDEQ in settlement discussions. In April 2009, PPG offered to settle all of its self-reported air permit deviations through the first half of 2008 for a proposed penalty of \$130,000. LDEQ responded to this settlement offer by asking PPG to make another offer that included all self-reported air permit deviations through the end of 2009. PPG increased its offer to settle this matter to \$171,000. LDEQ rejected this settlement offer and requested that PPG propose a new settlement offer to include one or more Beneficial Environmental Projects ( BEP ) as a supplement to any civil penalty. Following additional meetings and discussions with LDEQ, on May 8, 2012 PPG submitted a revised settlement offer consisting of a proposed penalty of \$250,000 and a BEP. The BEP would consist of the installation of enhanced leak detection

**Table of Contents**

**Index to Financial Statements**

equipment and a repair program that would be conducted over a three-year period. PPG estimates the cost of the BEP would be \$220,000. LDEQ again requested PPG revise its settlement offer, and PPG, on behalf of the PPG Chlor-alkali and Derivatives Business, increased its offer to settle the CO/NOPP for a total of \$400,000, plus the performance of two additional BEPs that will increase the total expenditure for those projects to at least \$220,000. This increased offer has now been accepted by the LDEQ. In connection with the Separation and Distribution, the liability related to this settlement described in this paragraph is a liability of the PPG Chlor-alkali and Derivatives Business.

**Employees**

The average number of persons employed by the PPG Chlor-alkali and Derivatives Business during 2011 was about 2,000. Most of the PPG Chlor-alkali and Derivatives Business's hourly workers are represented by collective bargaining agreements. These contracts expire at various times over the next several years. Management believes that its relationships with its employees and their representative organizations are good.

**Board of Directors**

The board of directors of Georgia Gulf immediately after the Merger is expected to consist of the eight existing Georgia Gulf board members and three new members to be designated by PPG, including Michael H. McGarry, who is an executive vice president of PPG with responsibility for the PPG Chlor-alkali and Derivatives Business through the consummation of the Merger, as well as PPG's global aerospace products and automotive refinish businesses. Mr. McGarry also has responsibility for PPG's Asia Pacific region and its global information technology and environmental health and safety functions. He will remain in the employ of PPG after the Merger.

**Table of Contents**

**Index to Financial Statements**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS FOR THE PPG CHLOR-ALKALI AND DERIVATIVES BUSINESS**

**Overview**

The PPG Chlor-alkali and Derivatives Business produces chlor-alkali and derivative products, including chlorine, caustic soda, vinyl chloride monomer, chlorinated solvents, calcium hypochlorite, ethylene dichloride, hydrochloric acid and phosgene derivatives. Most of these products are sold directly to manufacturing companies in the chemical processing, plastics, including PVC, paper, minerals, metals and water treatment industries. The PPG Chlor-alkali and Derivatives Business operates manufacturing facilities in the U.S., Canada, and Taiwan. The PPG Chlor-alkali and Derivatives Business consists of one operating and one reportable segment.

**Separation of the PPG Chlor-alkali and Derivatives Business from PPG Industries, Inc.**

On July 19, 2012, PPG announced that it had entered into definitive agreements under which PPG will separate the Chlor-alkali and Derivatives Business and merge it with Georgia Gulf Corporation ( Georgia Gulf ) or one of its subsidiaries. The terms of the transaction call for PPG to form a new company by separating the Chlor-alkali and Derivatives Business through a spin-off or split-off, and then immediately merging the business with Georgia Gulf or a Georgia Gulf subsidiary. These steps are collectively referred to as a Reverse Morris Trust transaction. In this Reverse Morris Trust transaction, subject to receiving the necessary ruling from the Internal Revenue Service, PPG expects to dispose of the PPG Chlor-alkali and Derivatives Business to Georgia Gulf in a transaction that will be generally tax free to PPG and its shareholders. Upon completion of the transaction, which has been approved by the boards of both companies, PPG shareholders will own approximately 50.5 percent of the shares of the newly merged company, with existing Georgia Gulf shareholders owning approximately 49.5 percent of the shares. In the transaction, PPG will transfer certain related environmental liabilities, pension assets and liabilities and other post-employment benefits (OPEB) obligations to the newly merged company. The transaction is subject to approval by Georgia Gulf shareholders and customary closing conditions, relevant tax authority rulings and regulatory approvals. To date, Georgia Gulf and PPG have each filed the requisite notification and report forms with the Federal Trade Commission and the Antitrust Division of the Department of Justice on August 15, 2012. The waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, expired on September 14, 2012 and PPG has received clearance under the Canadian Competition Act. PPG has filed a private letter ruling request with the Internal Revenue Service and is awaiting a ruling on its request. PPG and Georgia Gulf also have filed the required proxy statement and registration statements with the Securities and Exchange Commission and are currently in the process of responding to SEC comments on these filings. PPG remains on schedule to complete the separation of the Chlor-alkali and Derivatives business and the merger of that business with Georgia Gulf, with closing expected to occur by early next year.

**Table of Contents****Index to Financial Statements****Results of Operations*****Comparison of Results of Operations for the Nine Months Ended September 30, 2012 and September 30, 2011***

The following discussion compares the combined operating results of the PPG Chlor-alkali and Derivatives Business for the nine months ended September 30, 2012 and September 30, 2011.

<i>(millions)</i>	<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>
Net sales	\$ 1,292	\$ 1,340
Cost of sales, exclusive of depreciation and amortization	884	927
Selling, general and administrative	91	91
Depreciation and amortization	32	31
Research and development	1	1
Business restructuring	1	
Other charges	8	9
Other earnings	(13)	(25)
Income before income taxes	288	306
Income tax expense	95	102
Net income attributable to the controlling and noncontrolling interests	193	204
Less: net income attributable to noncontrolling interests	(10)	(9)
Net income (attributable to the PPG Chlor-alkali and Derivatives Business)	\$ 183	\$ 195

***Performance Overview***

Sales decreased 4 percent in the first nine months of 2012 to \$1,292 million compared to \$1,340 million for the first nine months of 2011. Lower volumes decreased sales by 1 percent and lower selling prices decreased sales 5 percent. Selling prices for chlorine and chlorine derivative products were moderately lower due to lower demand. This decrease was partly offset by higher caustic prices. The May 2011 Equa-Chlor acquisition increased sales by 2 percent in the first nine months of 2012.

Cost of sales, exclusive of depreciation and amortization, decreased by \$43 million for the first nine months of 2012 to \$884 million compared to \$927 million for the first nine months of 2011. The decrease was due principally to lower input costs, driven by lower natural gas prices, as well as lower maintenance costs resulting from the absence of unscheduled production outages which occurred in the third quarter of 2011. These factors were partially offset by higher outbound freight cost due to the increased shipment of chlorine by rail and the cost of sales of acquired businesses. Cost of sales as a percentage of sales for the first nine months of 2012 decreased approximately 1 percent compared with the first nine months of 2011.

Selling, general and administrative expenses in the first nine months of 2012 were level with the first nine months of 2011. Cost management actions in response to lower volumes fully offset the negative impact of overhead inflation and increases in these costs related to the acquired business. These expenses remained relatively flat as a percent of sales at 6.8 percent in the first nine months of 2011 and 7.0 percent in the first nine months of 2012.

The business restructuring charge of \$1 million in the first nine months of 2012 represents severance costs associated with 22 people to further reduce the future PPG Chlor-alkali and Derivatives Business cost structure. The business also expects to incur additional costs of approximately \$2 million directly associated with the restructuring plans for demolition that will be charged to expense as incurred. Future cost savings upon full implementation of the restructuring actions are expected to be \$2 million on an annual basis.



**Table of Contents****Index to Financial Statements**

Other charges decreased to \$8 million in the first nine months of 2012 from \$9 million in the first nine months of 2011, due to lower environmental remediation charges during the nine months ended September 30, 2012 partly offset by a casualty loss of \$4 million stemming from a warehouse fire in the third quarter of 2012.

Other earnings decreased to \$13 million in the first nine months of 2012 from \$25 million for the first nine months of 2011. This decrease was primarily due to the absence of the \$10 million bargain purchase gain related to the acquisition of Equa-Chlor.

The effective tax rate on pretax earnings for the nine months ended September 30, 2012 was 33.0 percent compared to 33.3 percent in the first nine months of 2011. The effective tax rate for the first nine months of 2012 includes a 38 percent tax benefit on the \$1 million business restructuring charge. The effective tax rate on the remaining pre-tax earnings was approximately 33 percent for the first nine months of 2012. The effective rate for the first nine months of 2011 included the impact of the non-taxable bargain purchase gain resulting from the Equa-Chlor acquisition. The effective tax rate on the remaining pre-tax earnings was approximately 34 percent for the first nine months of 2011.

Looking ahead, chlorine demand traditionally falls seasonally and results in lower industry operating rates for chlorine and caustic in the fourth quarter. The PPG Chlor-alkali and Derivative Business's caustic inventory remains at extremely low levels. The PPG Chlor-alkali and Derivative Business's previously announced caustic price increase is being implemented. Lower year-over-year natural gas costs are expected to continue, but fourth quarter unit costs for natural gas are expected to be higher than those in the third quarter.

***Comparison of Results of Operations for the Years Ended December 31, 2011 and 2010 and December 31, 2010 and 2009***

The following discussion compares combined operating results of the PPG Chlor-alkali and Derivatives Business for 2011 with 2010, and for 2010 with 2009.

**Performance in 2011 Compared with 2010**

<i>(Millions)</i>	<b>2011</b>	<b>2010</b>
Net sales	\$ 1,741	\$ 1,441
Cost of sales, exclusive of depreciation and amortization	1,224	1,117
Selling, general and administrative	123	102
Depreciation and amortization	41	39
Research and development	2	2
Other charges	10	11
Other earnings	(27)	(7)
Income before income taxes	368	177
Income tax expense	122	65
Net income attributable to the controlling and noncontrolling interests	246	112
Less: net income attributable to noncontrolling interests	(13)	(7)
Net income (attributable to the PPG Chlor-alkali and Derivatives Business)	\$ 233	\$ 105

***Performance Overview***

Net sales in 2011 totaled \$1,741 million compared to \$1,441 million in 2010, an increase of 21 percent. Higher selling prices and the sales of the acquired Equa-Chlor business were the key drivers of the increased sales. Selling prices increased sales by 18 percent. The improved selling prices in 2011, which were primarily driven by caustic soda and chlorine derivatives, were achieved due to continued strong demand in chlorine



---

**Table of Contents****Index to Financial Statements**

derivatives and a tightening supply of caustic soda as a result of the global industrial recovery, which continued in 2011. Volumes in total and the impact of foreign currency were flat year-over-year; however, increased volumes of certain lower margin chlorine derivative products were offset by the declines in chlorine and caustic volumes. The decline in chlorine volume was due to the negative impact of unscheduled production outages early in 2011 as well as decreased chlorine demand in the fourth quarter of the year due to customer inventory management and lower chlorine and derivative exports. Caustic volumes were down year-over-year due to the lack of product availability as a result of market factors impacting chlorine demand and production levels.

Cost of sales, exclusive of depreciation and amortization, increased by \$107 million in 2011 to \$1,224 million compared to \$1,117 million in 2010. About 20 percent of the increase was driven by inflation, particularly increases in ethylene and other raw material costs, which were partially offset by lower year-over-year natural gas costs. Higher manufacturing and maintenance costs contributed nearly 40 percent of the increase. The higher maintenance costs were related to planned and unplanned production outages. The unplanned production outages spanned several weeks during the second and third quarters of 2011 and were a result of unanticipated mechanical problems and extensions of scheduled maintenance outages. The higher manufacturing costs were driven by throughput variances associated with lower capacity utilization in 2011 due to these production outages. Also contributing to higher manufacturing costs were unfavorable manufacturing utilization variances due to lower chlorine demand in the fourth quarter as a result of customer inventory management and lower chlorine derivative exports. Additionally, about 25 percent of the increase in cost of sales was due to sales growth from acquisitions. The remaining increase in cost of sales was driven equally by the negative sales margin mix and higher outbound freight cost due to the increased shipment of chlorine by rail. Cost of sales as a percentage of sales was 70.3 percent in 2011 compared to 77.5 percent in 2010. This improvement reflects the benefit of selling price increases, with some offset by the impact of inflation and higher manufacturing and maintenance expenses on cost of sales.

Selling, general and administrative expenses increased by \$21 million to \$123 million in 2011 compared to \$102 million in 2010. Higher distribution and freight costs, resulting from cost inflation and increased usage of higher cost chlorine rail transportation, contributed about 75 percent of the increase while the remainder was due equally to the Equa-Chlor acquisition and overhead cost inflation. Selling, general and administrative expenses as a percentage of sales were 7.1 percent in 2011, which was consistent with 2010.

Other charges decreased \$1 million to \$10 million in 2011 from \$11 million in 2010 due principally to lower environmental remediation expense in 2011 at the Natrium operating plant site.

Other income increased \$20 million to \$27 million in 2011 from \$7 million in 2010 due primarily to the \$10 million bargain purchase gain resulting from the Equa-Chlor acquisition, income from leasing Marcellus Shale drilling rights on property owned by the PPG Chlor-alkali and Derivatives Business and a \$5 million gain on the sale of excess land at our Natrium facility.

The effective tax rate on pretax earnings in 2011 was 33.2 percent compared to 36.7 percent in 2010. The 2011 rate includes the impact of the non-taxable bargain purchase gain resulting from the Equa-Chlor acquisition. The effective tax rate was 34.3 percent on the remaining pretax earnings in 2011. The 2010 tax rate was higher due to the inclusion of expense of \$12 million resulting from the reduction of the PPG Chlor-alkali and Derivatives Business's previously provided deferred tax asset related to its liability for retiree medical costs. The deferred tax asset was reduced because the U.S. healthcare legislation enacted in March 2010 included a provision that reduced the amount of retiree medical costs that will be deductible after December 31, 2012. The effective rate was 29.9 percent on the remaining pretax earnings in 2010. The increase in the tax rate on the remaining pretax earnings in 2011 is mainly the result of an increase in higher-taxed U.S. earnings as a percent of total earnings.

**Table of Contents****Index to Financial Statements****Performance in 2010 Compared with 2009**

<i>(Millions)</i>	<b>2010</b>	<b>2009</b>
Net sales	\$ 1,441	\$ 1,282
Cost of sales, exclusive of depreciation and amortization	1,117	1,001
Selling, general and administrative	102	100
Depreciation and amortization	39	40
Research and development	2	2
Business restructuring		6
Other charges	11	9
Other earnings	(7)	(12)
Income before income taxes	177	136
Income tax expense	65	43
Net income attributable to the controlling and noncontrolling interests	112	93
Less: net income attributable to noncontrolling interests	(7)	(5)
Net income (attributable to the PPG Chlor-alkali and Derivatives Business)	\$ 105	\$ 88

*Performance Overview*

Net sales in 2010 totaled \$1,441 million compared to \$1,282 million in 2009, an increase of 12 percent. Sales improved 15 percent due to higher volumes, primarily caustic products, reflecting the partial recovery in demand from the impact of the global recession, which was somewhat offset by a 3 percent decline in sales pricing for the year. The decline in price reflects lower caustic pricing which was largely offset by price increases in chlorine and chlorine derivative products.

Cost of sales, exclusive of depreciation and amortization, increased by \$116 million in 2010 to \$1,117 million compared to \$1,001 million in 2009. Over 80 percent of the increase was due to higher sales volume during 2010. About 20 percent of the increase was driven by raw material inflation, partially offset by a decrease of nearly 10 percent in manufacturing costs, which was a result of the 2009 restructuring actions and additional cost savings initiatives. Foreign currency increased cost of sales by low single digit percents. Cost of sales as a percentage of sales was 77.5 percent in 2010, consistent with the 78.1 percent in 2009.

Selling, general and administrative expenses increased by \$2 million to \$102 million in 2010 compared to \$100 million in 2009. Selling, general and administrative expenses as a percentage of sales were 7.1 percent in 2010, slightly down from 7.8 percent in 2009, as incremental volume growth was achieved with limited increases in these costs.

During the first quarter of 2009, the PPG Chlor-alkali and Derivatives Business finalized a restructuring plan to reduce its cost structure and recorded a charge of \$6 million for severance costs related to 42 people.

Other charges increased \$2 million to \$11 million in 2010 from \$9 million in 2009 due principally to higher environmental remediation costs in 2010 related to the Natrium operating plant site. Other earnings decreased \$5 million in 2010 due primarily to the absence of 2009 hurricane-related insurance recoveries.

The effective tax rate on pretax earnings in 2010 was 36.7 percent compared to 31.6 percent in 2009. The 2010 rate includes expense of \$12 million resulting from the reduction of the PPG Chlor-alkali and Derivatives Business's previously provided deferred tax asset related to its liability for retiree medical costs. The deferred tax asset was reduced because U.S. healthcare legislation enacted in March 2010 included a provision that reduced the amount of retiree medical costs that will be deductible after December 31, 2012. The rate was 29.9 percent on the remaining pretax earnings in 2010. The decrease in the tax rate on the remaining pretax earnings in 2010 is mainly the result of statutory rate decreases in Taiwan and Canada.



**Table of Contents****Index to Financial Statements****Liquidity and Capital Resources**

In North America, under PPG's centralized cash management system, the cash requirements of the PPG Chlor-alkali and Derivatives Business are provided directly by PPG and cash generated by the PPG Chlor-alkali and Derivatives Business is generally remitted directly to PPG. Taiwan Chlorine Industries, Ltd. ( TCI ), which is part of the PPG Chlor-alkali and Derivatives Business, does not participate in any centralized PPG cash management program, maintains cash and cash equivalent balances to fund its local operations and periodically pays dividends to its owners.

During the three years ended December 31, 2011, 2010 and 2009 and during the nine months ended September 30, 2012, the PPG Chlor-alkali and Derivatives Business generated sufficient cash from operating activities to fund its capital spending, acquisitions and dividends to non-controlling interests.

The following table sets forth a summary of cash flows for the nine months ended September 30, 2012 and September 30, 2011 and the years ended December 31, 2011, December 31, 2010 and December 31, 2009:

(in millions)

	Nine Months Ended			Year Ended	
	September 30, 2012	September 30, 2011	December 31, 2011	December 31, 2010	December 31, 2009
<b>Net cash from (used for):</b>					
Operating Activities	\$ 172	\$ 191	\$ 276	\$ 142	\$ 133
Investing Activities	\$ (31)	\$ (56)	\$ (86)	\$ (43)	\$ (22)
Financing Activities	\$ (153)	\$ (131)	\$ (174)	\$ (95)	\$ (123)

Cash from operations for the nine months ended September 30, 2012 was lower than the nine months ended September 30, 2011 due largely to lower year-over-year earnings and an increase in working capital due to higher accounts receivable. The cash remitted to PPG is reported as a use of cash from financing activities. The absence of acquisition cash spending in 2012 included in investing activities resulted in more cash being remitted to PPG and reported as a use of cash for financing activities in 2012.

Higher earnings increased cash from operations during the year ended December 31, 2011 as compared to the prior year period. The May 2011 acquisition of the Equa-Chlor business accounts for the higher use of cash for investing activities in the year ended December 31, 2011 and nine months ended September 30, 2011.

No deferred U.S. income taxes have been provided on the undistributed earnings of non-U.S. subsidiaries, which amounted to \$25 million as of both December 31, 2011 and 2010. These earnings are considered to be reinvested for an indefinite period of time or will be repatriated when it is tax efficient to do so. It is not practicable to determine the deferred tax liability on these undistributed earnings.

Cash from operations are expected to continue to be sufficient to fund operating activities and capital spending, including acquisitions and to pay dividends to non-controlling interests.

**Off-Balance Sheet Arrangements**

The PPG Chlor-alkali and Derivatives Business does not have any off-balance sheet arrangements other than the contractual obligations that are listed below and a guarantee related to credit risk on interest rate swaps of RS Cogen as discussed in Note 16, Commitments and Contingent Liabilities, of the audited combined financial statements of the PPG Chlor-alkali and Derivatives Business, as updated in Note 16 to the unaudited condensed combined financial statements of the PPG Chlor-alkali and Derivatives Business as of and for the nine months ended September 30, 2012, in each case, included elsewhere in this document.

**Table of Contents****Index to Financial Statements****Quantitative and Qualitative Disclosures About Market Risk**

The PPG Chlor-alkali and Derivatives Business is exposed to market risk related to changes in natural gas prices. It may enter into derivative financial instruments in order to manage or reduce this risk. A detailed description of this exposure and the business's risk management policies are provided in Note 12, Derivative Financial Instruments and Hedge Activities, to the audited combined financial statements of the PPG Chlor-alkali and Derivatives Business as of and for the year ended December 31, 2011, as updated in Note 12 to the unaudited condensed combined financial statements of the PPG Chlor-alkali and Derivatives Business as of and for the nine months ended September 30, 2012, in each case, included elsewhere in this document.

There were no natural gas swap contracts outstanding as of September 30, 2012 as the price of natural gas has declined for the past four years and is not expected to be as volatile over the next 12 to 18 months as continued development of shale oil and gas reserves will maintain downward pressure on the price of natural gas. The fair value of natural gas swap contracts in place as of December 31, 2011 and December 31, 2010 was a liability of \$6 million and \$21 million, respectively. These contracts were entered into to reduce the business's exposure to higher prices of natural gas. A 10% reduction in the price of natural gas would have had an unfavorable effect on the fair value of these contracts by increasing the liability by \$1 million and \$3 million, at December 31, 2011 and 2010, respectively. There were no other material changes in the PPG Chlor-alkali and Derivatives Business's exposure to market risk from December 31, 2011 to September 30, 2012.

**Contractual Obligations**

The following table summarizes significant contractual obligations of the PPG Chlor-alkali and Derivatives Business as of December 31, 2011:

<i>(millions)</i>	<b>Total</b>	<b>Obligations Due In:</b>			<b>Thereafter</b>
		<b>2012</b>	<b>2013-2014</b>	<b>2015-2016</b>	
Unconditional purchase commitments from RS Cogen (1)	\$ 257	\$ 23	\$ 47	\$ 47	\$ 140
Unconditional purchase commitments (2)	165	92	61	5	7
Operating leases (3)	35	14	13	6	2
Asset retirement obligations (4)	9				9
Equa-Chlor purchase price hold back (5)	3		3		
Pension contributions (6)	1	1			
Indebtedness (7)					
<b>Total contractual obligations</b>	<b>\$ 470</b>	<b>\$ 130</b>	<b>\$ 124</b>	<b>\$ 58</b>	<b>\$ 158</b>

- (1) These amounts represent the commitment of the PPG Chlor-alkali and Derivatives Business to purchase electricity and steam from RS Cogen discussed in Note 8, Investments, of the audited combined financial statements of the PPG Chlor-alkali and Derivatives Business and Note 8, Variable Interest Entities, of the unaudited condensed combined financial statements of the PPG Chlor-alkali and Derivatives Business, each included elsewhere in this document.
- (2) Prior to the completion of the Transactions, the purchasing functions for the PPG Chlor-alkali and Derivatives Business have been performed by PPG's centralized purchasing function. The unconditional purchase commitments are principally take-or-pay obligations related to the purchase of certain materials, including industrial gases, natural gas, coal and electricity, consistent with customary industry practice.
- (3) Operating leases represent the minimum rental commitments under non-cancellable operating leases. The PPG Chlor-alkali and Derivatives Business has no capital leases.
- (4) This amount represents a legal obligation associated with the retirement of a tangible long-lived asset that was incurred upon the acquisition, construction, development or normal operation of that long-lived asset.
- (5) This amount represents the purchase price for the Equa-Chlor acquisition held in escrow pending satisfaction of any indemnity claims by the PPG Chlor-alkali and Derivatives Business through May 2013.
- (6) Includes the estimated contribution for 2012 only, as PPG is unable to estimate the pension contributions beyond 2012.
- (7) In connection with the Separation, Splitco will borrow approximately \$225.0 million under the Term Facility and receive the assets and liabilities of the PPG Chlor-alkali and Derivatives Business from PPG in exchange for approximately \$225.0 million of cash, 100% of the shares of Splitco common stock and the Debt Securities in an aggregate principal amount of approximately \$675.0 million.



---

**Table of Contents****Index to Financial Statements**

- (7) In connection with the Separation, Splitco will borrow approximately \$225.0 million under the Term Facility and receive the assets and liabilities of the PPG Chlor-alkali and Derivatives Business from PPG in exchange for approximately \$225.0 million of cash, 100% of the shares of Splitco common stock and the Debt Securities in an aggregate principal amount of approximately \$675.0 million.

**Critical Accounting Estimates**

Management of the PPG Chlor-alkali and Derivatives Business has evaluated the accounting policies used in the preparation of the financial statements and related notes presented elsewhere in this document and believes those policies to be reasonable and appropriate. Management of the PPG Chlor-alkali and Derivatives Business believes that the most critical accounting estimates made in the preparation of the PPG Chlor-alkali and Derivatives Business's financial statements are those related to accounting for contingencies, under which the PPG Chlor-alkali and Derivatives Business accrues a loss when it is probable that a liability has been incurred and the amount can be reasonably estimated, and to accounting for pensions and other postretirement benefits because of the importance of management judgment in making the estimates necessary to apply these policies.

Contingencies, by their nature, relate to uncertainties that require management to exercise judgment both in assessing the likelihood that a liability has been incurred as well as in estimating the amount of potential loss. The most important contingencies impacting the PPG Chlor-alkali and Derivatives Business's financial statements are those related to environmental remediation and to pending, impending or overtly threatened litigation against the PPG Chlor-alkali and Derivatives Business. For more information on these matters, see Note 16, Commitments and Contingent Liabilities, of the audited combined financial statements of the PPG Chlor-alkali and Derivatives Business and as updated in Note 16 to the unaudited condensed combined financial statements as of and for the nine months ended September 30, 2012, in each case included elsewhere in this document.

Accounting for pensions and other postretirement benefits involves estimating the cost of benefits to be provided well into the future and attributing that cost over the time period each employee works. To accomplish this, extensive use is made of assumptions about inflation, investment returns, mortality, turnover, medical costs and discount rates. Other than in Taiwan, the PPG Chlor-alkali and Derivatives Business sponsors no defined benefit pension plans; however, certain employees of the PPG Chlor-alkali and Derivatives Business participate in PPG's defined benefit pension and welfare benefit plans, which are referred to collectively, with the plan in Taiwan, in this critical accounting estimates section as the defined benefit pension and welfare benefit plans related to the PPG Chlor-alkali Derivatives Business. PPG has established a process by which its management reviews and selects these assumptions annually. See Note 15, Pensions and Other Postretirement Benefits, of the audited combined financial statements of the PPG Chlor-alkali and Derivatives Business included elsewhere in this document.

The discount rate used in accounting for the PPG Chlor-alkali and Derivatives Business's pension and other postretirement benefit plans is determined by reference to a current yield curve and by considering the timing and amount of projected future benefit payments. The discount rate assumption at December 31, 2011 and for 2012 is 4.50% for the PPG Chlor-alkali and Derivatives Business's U.S. defined benefit pension and other postretirement benefit costs. A change in the discount rate of 75 basis points, with all other assumptions held constant, would impact the PPG Chlor-alkali and Derivatives Business's 2012 net periodic benefit expense for defined benefit pension and other postretirement benefit plans by approximately \$1 million.

The expected return on plan assets assumption used in accounting for the PPG Chlor-alkali and Derivatives Business's pension plans is determined by evaluating the mix of investments that comprise plan assets and external forecasts of future long-term investment returns. For 2011, the return on plan assets assumption for PPG's U.S. defined benefit pension plans was 8.0 percent. This assumption will be lowered to 7.5 percent for 2012. A change in the rate of return of 75 basis points, with other assumptions held constant, would impact the PPG Chlor-alkali and Derivatives Business's 2012 net periodic pension expense by approximately \$3 million.

**Table of Contents**

**Index to Financial Statements**

As part of the PPG Chlor-alkali and Derivatives Business's ongoing financial reporting process, a collaborative effort is undertaken involving PPG Chlor-alkali and Derivatives Business managers with functional responsibility for financial accounting, environmental, legal and employee benefit matters. The results of these efforts provide management with the necessary information on which to base their judgments on these contingencies and to develop the estimates and assumptions used to prepare the financial statements.

PPG believes that the amounts recorded in the audited combined financial statements and related notes and the condensed combined financial statements for the nine months ended September 30, 2012 presented elsewhere in this document related to these contingencies, pensions and other postretirement benefits are based on the best estimates and judgments of the appropriate PPG Chlor-alkali and Derivatives Business management, although actual outcomes could differ from these estimates.



**Table of Contents****Index to Financial Statements****SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA**

The following selected historical combined financial data of the PPG Chlor-alkali and Derivatives Business, selected historical consolidated financial data of Georgia Gulf, unaudited pro forma condensed combined financial data of Georgia Gulf and the PPG Chlor-alkali and Derivatives Business, comparative historical and pro forma per share data of Georgia Gulf, historical common stock market price data and Georgia Gulf dividend policy information are being provided to help you in your analysis of the financial aspects of the Transactions. You should read this information in conjunction with the financial information included elsewhere and incorporated by reference in this document. See [Where You Can Find More Information](#); [Incorporation by Reference](#), [Information on the PPG Chlor-alkali and Derivatives Business](#), [Management's Discussion and Analysis of Financial Condition and Results of Operations for the PPG Chlor-alkali and Derivatives Business](#), [Information on Georgia Gulf](#) and the audited and unaudited financial statements of each of Georgia Gulf and the PPG Chlor-alkali and Derivatives Business incorporated by reference and included elsewhere in this document, respectively.

**Selected Historical Combined Financial Data of the PPG Chlor-alkali and Derivatives Business**

Splitco is a newly-formed holding company organized for the purpose of holding the PPG Chlor-alkali and Derivatives Business and consummating the Transactions with Georgia Gulf. The following data, insofar as it relates to each of the years 2007 through 2011, has been derived from annual financial statements, including the combined balance sheets at December 31, 2011 and December 31, 2010 and the related combined statements of income for each of the three years in the period ended December 31, 2011 and notes thereto appearing elsewhere herein. The data as of December 31, 2009 and as of and for the years ended December 31, 2008 and December 31, 2007 has been derived from unaudited combined financial information not included or incorporated by reference into this document. The data as of and for the nine months ended September 30, 2012 and 2011 has been derived from unaudited condensed combined financial statements included herein and is not necessarily indicative of the results or financial condition for the remainder of the year or any future period. This information is only a summary and you should read the table below in conjunction with [Management's Discussion and Analysis of Financial Condition and Results of Operations for the PPG Chlor-alkali and Derivatives Business](#) and the financial statements of the PPG Chlor-alkali and Derivatives Business and the notes thereto included elsewhere in this document.

	Nine Months Ended		2011	Year Ended December 31,			2007
	2012	September 30, 2011		2010	2009	2008	
<i>(in millions)</i>							
<b>Combined Statement of Income Data:</b>							
Net revenue	\$ 1,292	\$ 1,340	\$ 1,741	\$ 1,441	\$ 1,282	\$ 1,845	\$ 1,547
Net income (attributable to the PPG Chlor-alkali and Derivatives Business)	\$ 183	\$ 195	\$ 233	\$ 105	\$ 88	\$ 200	\$ 148
<b>Combined Balance Sheet Data:</b>							
Total assets	\$ 786	\$ 718	\$ 734	\$ 621	\$ 601	\$ 684	\$ 676
Long-term obligations	\$ 318	\$ 274	\$ 320	\$ 268	\$ 264	\$ 350	\$ 219

**Table of Contents****Index to Financial Statements****Selected Historical Consolidated Financial Data of Georgia Gulf**

The following selected historical consolidated financial data of Georgia Gulf for the years ended December 31, 2011, 2010 and 2009, and as of December 31, 2011 and 2010, has been derived from Georgia Gulf's audited consolidated financial statements as of and for the years ended December 31, 2011, 2010 and 2009 incorporated by reference into this document. The selected historical consolidated financial data of Georgia Gulf as of December 31, 2009, and as of and for the years ended December 31, 2008 and 2007, has been derived from Georgia Gulf's audited consolidated financial statements which are not included in or incorporated by reference into this document. The following selected historical consolidated financial data as of and for the nine-month periods ended September 30, 2012 and 2011 has been derived from the unaudited condensed consolidated financial statements of Georgia Gulf, which are incorporated by reference in this document. The selected historical combined financial data presented below is not necessarily indicative of the results or financial condition that may be expected for any future period or date. You should read the table below in conjunction with the financial statements of Georgia Gulf and the notes thereto and the

Management's Discussion and Analysis of Financial Condition and Results of Operations section contained in Georgia Gulf's annual report on Form 10-K for the year ended December 31, 2011 and quarterly report on Form 10-Q for the period ended September 30, 2012, each of which is incorporated by reference into this document. See [Where You Can Find More Information; Incorporation by Reference](#).

	As of and for the Nine Months Ended September 30,			As of and for the Year Ended December 31,			2007
	2012	2011	2011	2010	2009	2008	
<b>(In millions, except per share data, percentages and employees)</b>							
<b>Results of Operations:</b>							
Net sales	\$ 2,541	\$ 2,549	\$ 3,223	\$ 2,818	\$ 1,990	\$ 2,916	\$ 3,157
Cost of sales	2,210	2,292	2,920	2,544	1,779	2,716	2,851
Selling, general and administrative expenses	153	130	168	160	183	169	226
Long-lived asset impairment charges			8		22	175	158
Transaction related costs, restructuring and other, net	26	1	3		7	22	4
(Gains) losses on sale of assets	(19)	(1)	(1)			(27)	1
Operating income (loss)	171	127	125	114	(1)	(139)	(83)
Interest expense	(44)	(50)	(65)	(69)	(131)	(135)	(134)
Loss on redemption and other debt costs		(1)	(5)		(43)		
Gain on debt exchange					401		
Foreign exchange (loss) gain	(1)	(1)	(1)	(1)	(1)	(4)	6
Interest income					1	1	1
Income (loss) from continuing operations before taxes	126	75	54	44	226	(277)	(210)
Provision (benefit) for income taxes(1)	38	14	(4)	1	95	(22)	35
Income (loss) from continuing operations	88	61	58	43	131	(255)	(245)
Loss from discontinued operations, net of tax							(11)
Net income (loss)	\$ 88	\$ 61	\$ 58	\$ 43	\$ 131	\$ (255)	\$ (256)
<b>Basic earnings (loss) per share:</b>							
	\$ 2.54	\$ 1.75	\$ 1.66	\$ 1.22	\$ 8.27	\$ (191.21)	\$ (186.17)

Edgar Filing: GEORGIA GULF CORP /DE/ - Form DEFM14A

Income (loss) from continuing operations											
Loss from discontinued operations									(7.91)		
Net income (loss)	\$	2.54	\$	1.75	\$	1.66	\$	1.22	\$ 8.27	\$ (191.21)	\$ (194.08)

**Table of Contents****Index to Financial Statements**

	As of and for the Nine Months Ended September 30,			As of and for the Year Ended December 31,			
	2012	2011	2011	2010	2009	2008	2007
<b>(In millions, except per share data, percentages and employees)</b>							
<b>Diluted earnings (loss) per share:</b>							
Income (loss) from continuing operations	\$ 2.53	\$ 1.75	\$ 1.66	\$ 1.22	\$ 8.26	\$ (191.21)	\$ (186.17)
Loss from discontinued operations							(7.91)
Net income (loss)	2.53	1.75	1.66	1.22	8.26	(191.21)	(194.08)
Dividends per common share	\$ 0.16	\$	\$	\$	\$	\$ 6.00	\$ 8.00
<b>Financial Highlights:</b>							
Net working capital	\$ 448	\$ 407	\$ 385	\$ 400	\$ 341	\$ 225	\$ 201
Property, plant and equipment, net	637	641	641	653	688	761	967
Total assets	1,801	1,835	1,644	1,666	1,605	1,610	2,202
Total debt(2)	498	592	497	578	633	1,303	1,269
Lease financing obligation	114	108	110	112	106	91	113
Asset securitization(3)						111	147
Net cash (used in) provided by operating	66	20	187	184	1	41	129
Net cash (used in) provided by investing activities	(32)	(115)	(137)	(45)	(26)	25	22
Net cash (used in) provided by financing activities	(5)	16	(86)	(56)	(29)	15	(151)
Depreciation and amortization	68	78	102	100	117	144	150
Capital expenditures	56	44	66	46	30	63	84
Acquisition, net of cash acquired		71	71				
Maintenance expenditures	129	107	109	137	104	109	111
<b>Other Selected Data:</b>							
Adjusted EBITDA(4)	\$ 237	\$ 194	\$ 223	\$ 201	\$ 155	\$ 156	\$ 225
Weighted average common shares outstanding basic	34	34	34	34	15	1	1
Weighted average common shares outstanding diluted	35	34	34	34	15	1	1
Common shares outstanding	35	34	34	34	34	1	1
Return on sales	3.5%	2.4%	1.8%	1.5%	5.8%	(8.7)%	(8.1)%
Employees	3,758	3,994	3,744	3,619	3,489	4,463	5,249

- (1) Provision for income taxes for 2007 includes the effect of a \$43.4 million valuation allowance on deferred tax assets in Canada.
- (2) In addition, on September 11, 2012, Georgia Gulf delivered a notice of redemption to the holders of the 9 percent notes regarding the optional redemption of \$50 million aggregate principal amount of the 9 percent notes. Georgia Gulf completed the redemption of the 9 percent notes on October 12, 2012 for a redemption price of \$51.5 million, which is equal to 103% of the aggregate principal amount of the 9 percent notes that were redeemed, plus accrued and unpaid interest thereon to October 12, 2012. Accordingly, Georgia Gulf has reduced the outstanding aggregate principal amount of the 9 percent notes to \$450 million as of October 12, 2012.
- (3) During 2009, the asset securitization facility was replaced with the ABL Revolver.

**Table of Contents****Index to Financial Statements**

- (4) Georgia Gulf supplements its financial statements prepared in accordance with GAAP with Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization, cash and non-cash restructuring charges and certain other charges, if any, related to financial restructuring and business improvement initiatives, gains (loss) on substantial modification of debt and sales of certain assets, certain purchase accounting and certain non-income tax reserve adjustments, professional fees related to a previously disclosed and withdrawn unsolicited offer to acquire Georgia Gulf and the Merger, goodwill, intangibles, and other long-lived asset impairments, and interest expense related to the OMERS sale-leaseback transaction) because investors commonly use Adjusted EBITDA as a main component of valuation analysis of cyclical companies such as Georgia Gulf. Adjusted EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to net income (loss) as a measure of performance or to cash provided by operating activities as a measure of liquidity. In addition, Georgia Gulf's calculation of Adjusted EBITDA may be different from the calculation used by other companies and, therefore, comparability may be limited. A reconciliation of Adjusted EBITDA to net income (loss) determined in accordance with GAAP is provided below:

(in millions)	Nine Months Ended			Year Ended December 31,			
	September 30, 2012	2011	2011	2010	2009	2008	2007
Net income (loss)	\$ 88	\$ 61	\$ 58	\$ 43	\$ 131	\$ (255)	\$ (256)
Loss from discontinued operations, net of tax							11
(Benefit) provision for income taxes	38	14	(4)	1	95	(22)	35
Interest income					(1)	(1)	(1)
Gain on debt exchange					(401)		
Loss on redemption and other debt costs			5		43		
Interest expense	44	50	65	69	131	135	134
Depreciation and amortization expense	68	78	102	100	118	144	150
Long-lived asset impairment charges			8		22	175	158
Restructuring costs	26	1	3		7	22	4
(Gains) losses on sale of assets	(19)	(1)	(1)			(27)	1
Other(a)	(8)	(9)	(13)	(12)	10	(15)	(11)
<b>Adjusted EBITDA</b>	<b>\$ 237</b>	<b>\$ 194</b>	<b>\$ 223</b>	<b>\$ 201</b>	<b>\$ 155</b>	<b>\$ 156</b>	<b>\$ 225</b>

- (a) Other for all periods includes loan cost amortization, which is included in both the depreciation and amortization expense line item and interest expense line item above, and lease financing obligation interest. Other for the period ended September 30, 2011 also includes a \$4.4 million reversal of non-income tax reserves, partially offset by \$3.0 million acquisition costs and inventory purchase accounting adjustment. Other for the year ended December 31, 2011 also includes \$3.0 million acquisition costs and inventory purchase accounting adjustment, partially offset by \$4.4 million reversal of non-income tax reserves. Other for the year ended December 31, 2009 also includes \$13.9 million of equity compensation related to the 2009 equity and performance incentive plan, \$13.1 million of operational and financial restructuring consulting fees, partially offset by \$9.6 million of loan cost amortization.

**Table of Contents****Index to Financial Statements****Retroactive Presentation for Change in Accounting Principles**

In the year ended December 31, 2011, Georgia Gulf adopted the accounting standards update regarding the presentation of comprehensive income. This accounting standards update was issued to increase the prominence of items reported in other comprehensive income. The following is additional disclosure information related to the presentation of comprehensive income for Georgia Gulf's supplemental guarantor information that is presented on a condensed consolidating basis for the parent company, combined guarantor subsidiaries and combined non-guarantor subsidiaries for each of the three years ended December 31, 2011, 2010 and 2009 (*in millions*):

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
<b>Comprehensive income (loss)</b>					
<b>for the year ended:</b>					
December 31, 2011	\$ 40	\$ 145	\$ 24	\$ (169)	\$ 40
December 31, 2010	\$ 47	\$ 113	\$ 12	\$ (125)	\$ 47
December 31, 2009	\$ 146	\$ 40	\$ (68)	\$ 27	\$ 146

**Unaudited Pro Forma Condensed Combined Financial Statements of Georgia Gulf and the PPG Chlor-alkali and Derivatives Business**

The following Unaudited Pro Forma Condensed Combined Financial Statements present the combination of the historical financial statements of Georgia Gulf and the PPG Chlor-alkali and Derivatives Business adjusted to give effect to: (1) the Merger and (2) all related transactions, including borrowings under the Term Facility, the issuance of the Debt Securities and the Distribution contemplated by the Merger Agreement and the Separation Agreement (the Financing Transactions).

The Unaudited Pro Forma Condensed Combined Statements of Income for the nine months ended September 30, 2012 and for the fiscal year ended December 31, 2011 combine the historical Consolidated Statements of Income of Georgia Gulf and the historical Combined Statements of Income for the PPG Chlor-alkali and Derivatives Business, giving effect to the Merger as if it had been consummated on January 1, 2011, the beginning of the earliest period presented. The Unaudited Pro Forma Condensed Combined Balance Sheet combines the historical Condensed Consolidated Balance Sheet of Georgia Gulf and the historical Condensed Combined Balance Sheet of the PPG Chlor-alkali and Derivatives Business as of September 30, 2012, giving effect to the Merger as if it had been consummated on September 30, 2012.

The Unaudited Pro Forma Condensed Combined Financial Statements were prepared using the acquisition method of accounting with Georgia Gulf considered the acquirer of the PPG Chlor-alkali and Derivatives Business. Under the acquisition method of accounting, the purchase price is allocated to the underlying tangible and intangible assets acquired and liabilities assumed based on their respective fair market values with any excess purchase price allocated to goodwill. The pro forma purchase price allocation was based on an estimate of the fair market values of the tangible and intangible assets and liabilities related to the PPG Chlor-alkali and Derivatives Business. In arriving at the estimated fair market values, Georgia Gulf has considered the appraisals of independent consultants which were based on a preliminary and limited review of the assets related to the PPG Chlor-alkali and Derivatives Business to be transferred. Following the effective date of the Merger, Georgia Gulf expects to complete the purchase price allocation after considering the appraisal of the PPG Chlor-alkali and Derivatives Business's assets at the level of detail necessary to finalize the required purchase price allocation. The final purchase price allocation may be different than that reflected in the pro forma purchase price allocation presented herein, and this difference may be material.

The PPG Chlor-alkali and Derivatives Business's historical combined financial statements have been carved-out from PPG's consolidated financial statements and reflect assumptions and allocations made by PPG. The PPG Chlor-alkali and Derivatives Business's historical combined financial statements include all

**Table of Contents**

**Index to Financial Statements**

revenues, costs, assets and liabilities that are directly attributable to the PPG Chlor-alkali and Derivatives Business. In addition, certain expenses reflected in the PPG Chlor-alkali and Derivatives Business combined financial statements are an allocation of corporate expenses from PPG. Such expenses include, but are not limited to, centralized PPG support functions including legal, accounting, tax, treasury, payroll and benefits administration, information technology and purchasing. The actual costs that may have been incurred if the PPG Chlor-alkali and Derivatives Business had been a stand-alone company would be dependent on a number of factors including the chosen organizational structure and strategic decisions made as to information technology and infrastructure requirements. As such, the PPG Chlor-alkali and Derivatives Business combined financial statements do not necessarily reflect what the PPG Chlor-alkali and Derivatives Business's financial condition and results of operations would have been had the PPG Chlor-alkali and Derivatives Business operated as a stand-alone company during the periods or at the date presented.

The Unaudited Pro Forma Condensed Combined Financial Statements do not reflect the costs of any integration activities or benefits that may result from realization of future cost savings from operating efficiencies or revenue synergies expected to result from the Merger.

The Unaudited Pro Forma Condensed Combined Financial Statements should be read in conjunction with:

the accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Statements;

Georgia Gulf's audited and unaudited historical consolidated financial statements and related notes for the year ended December 31, 2011 and the nine months ended September 30, 2012, respectively, which are incorporated by reference into this document; and

the PPG Chlor-alkali and Derivatives Business's audited and unaudited historical combined financial statements for the year ended December 31, 2011 and the nine months ended September 30, 2012, respectively, which are included elsewhere in this document.

**Table of Contents****Index to Financial Statements****GEORGIA GULF CORPORATION AND SUBSIDIARIES****UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**

As of September 30, 2012

(In millions)

	Historical		Pro Forma Adjustments				Pro Forma Condensed Combined
	Georgia Gulf Corporation	PPG Chlor- alkali and Derivatives Business	Acquisition Adjustments (Note 2)		Financing Adjustments (Note 3)		
<b>Assets</b>							
Cash and cash equivalents	\$ 118.5	\$ 19.0	\$ (225.0)	A	\$ 200.5	A	\$ 110.2
			(2.8)	B			
Receivables, net of allowance for doubtful accounts	389.0	287.0	(5.5)	C			670.5
Inventories	297.5	66.0	53.3	D			416.8
Prepaid expenses and other	11.1		14.5	F			25.6
Deferred income taxes	17.4		2.5	F			19.9
Other		17.0	(17.0)	F			
Total current assets	833.5	389.0	(180.0)		200.5		1,243.0
Property, plant and equipment, net	636.8	367.0	382.4	G			1,387.3
			1.1	E			
Investments		20.0	(0.7)	E			
			(19.3)	F			
Goodwill	218.7		1,569.9	H			1,788.6
Intangible assets, net	44.3	5.0	796.9	I			846.2
Deferred income taxes	4.1						4.1
Other assets, net	63.6	5.0	(0.4)	E	24.5	A	112.0
			19.3	F			
Total assets	\$ 1,801.0	\$ 786.0	\$ 2,569.2		\$ 225.0		\$ 5,381.2
<b>Liabilities and Stockholders Equity</b>							
Current portion of long-term debt	\$ 49.8	\$	\$		\$		\$ 49.8
Accounts payable	213.4	117.0	(5.5)	C			325.9
			1.0	F			
Interest payable	9.7						9.7
Income taxes payable	14.8		1.9	F			16.7
Accrued compensation	33.8	25.0	11.1	F			69.9
Other accrued liabilities	64.4	71.0	(14.0)	F			141.4
			20.0	J			
Total current liabilities	385.9	213.0	14.5				613.4
Long-term debt	447.9		675.0	A	225.0	B	1,347.9
Lease financing obligation	113.8						113.8
Liability for unrecognized income tax benefits	18.8						18.8
Deferred income taxes	184.2		0.9	F			627.3
			442.2	J			
Other non-current liabilities	65.3	318.0	(0.9)	F			382.4



Edgar Filing: GEORGIA GULF CORP /DE/ - Form DEFM14A

Total liabilities	1,215.9	531.0	1,131.7		225.0	3,103.6
<b>Commitments and contingencies</b>						
Stockholders' equity:						
Common stock	0.3		0.4	K		0.7
Additional paid-in capital	486.4		1,608.2	K		2,094.6
Accumulated other comprehensive loss, net of tax	(10.2)	(185.0)	185.0	K		(10.2)
Retained earnings (deficit)	108.6		(2.8)	K		105.8
Parent company investment		426.0	(426.0)	K		
Noncontrolling interest		14.0	72.7	K		86.7
<b>Total stockholders' equity</b>	<b>585.1</b>	<b>255.0</b>	<b>1,437.5</b>			<b>2,277.6</b>
Total liabilities and stockholders' equity	\$ 1,801.0	\$ 786.0	\$ 2,569.2		\$ 225.0	\$ 5,381.2

*See accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Statements*

Table of ContentsIndex to Financial Statements

## GEORGIA GULF CORPORATION AND SUBSIDIARIES

## UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME

Nine Months ended September 30, 2012

(In millions, except per share data)

	Historical Georgia Gulf Corporation	Historical PPG Chlor- alkali and Derivatives Business	Pro Forma Adjustments Acquisition Adjustments (Note 2)	Pro Forma Adjustments Financing Adjustments (Note 3)	Pro Forma Condensed Combined
<b>Net Sales</b>	\$ 2,541.1	\$ 1,292.0	\$ (39.4)	L	\$ 3,793.7
Operating costs and expenses:					
Cost of sales	2,210.5	884.0	14.6	M	3,109.1
Selling, general and administrative	152.9	91.0	50.4	N	294.3
Transaction related costs, restructuring and other, net	26.4	1.0	(16.3)	O	11.1
Depreciation and amortization		32.0	(30.9)	M	
			(1.1)	N	
Research and development		1.0	(0.2)	M	
			(0.8)	N	
Other charges		8.0			8.0
Other earnings		(13.0)			(13.0)
(Gains) loss on sale of assets	(19.3)				(19.3)
<b>Total operating costs and expenses</b>	<b>2,370.5</b>	<b>1,004.0</b>	<b>15.7</b>		<b>3,390.2</b>
Operating income (loss)	170.6	288.0	(55.1)		403.5
Interest expense	(43.6)				(43.0)
Foreign exchange loss	(0.6)				(0.6)
Income before income taxes	126.4	288.0	(55.1)		316.3
Provision (benefit) for income taxes	38.1	95.0	(20.7)	P	96.3
Net income	88.3	193.0	(34.4)		220.0
Less: net income attributable to noncontrolling interest		10.0	(2.1)	Q	7.9
<b>Net income attributable to controlling shareholders</b>	<b>\$ 88.3</b>	<b>\$ 183.0</b>	<b>\$ (32.3)</b>		<b>\$ 212.1</b>
Earnings per share:					
Basic	\$ 2.54				\$ 3.03
Diluted	\$ 2.53				\$ 3.02
Weighted average common shares:					
Basic	34.4		35.2	R	69.6
Diluted	34.6		35.2	R	69.9

*See accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Statements*



Table of ContentsIndex to Financial Statements

## GEORGIA GULF CORPORATION AND SUBSIDIARIES

## UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME

Year ended December 31, 2011

(In millions, except per share data)

	Historical		Pro Forma Adjustments			Pro Forma Condensed Combined
	Georgia Gulf Corporation	PPG Chlor- alkali and Derivatives Business	Acquisition Adjustments (Note 2)		Financing Adjustments (Note 3)	
<b>Net Sales</b>	\$ 3,222.9	\$ 1,741.0	\$ (88.2)	L	\$	\$ 4,875.7
Operating costs and expenses:						
Cost of sales	2,919.6	1,224.0	(9.8)	M		4,133.8
Selling, general and administrative	168.2	123.0	68.9	N		360.1
Long-lived asset impairment charges	8.3					8.3
Transaction, related costs, restructuring and other, net	3.3					3.3
Depreciation and amortization		41.0	(39.8)	M		
			(1.2)	N		
Research and development		2.0	(0.6)	M		
			(1.4)	N		
Other charges		10.0				10.0
Other earnings		(27.0)				(27.0)
(Gains) loss on sale of assets	(1.1)					(1.1)
Total operating costs and expenses	3,098.3	1,373.0	16.1			4,487.4
Operating income (loss)	124.6	368.0	(104.3)			388.3
Interest expense	(65.7)				(57.3)	(123.0)
Loss on redemption and other debt costs	(4.9)					(4.9)
Foreign exchange loss	(0.8)					(0.8)
Interest income	0.3					0.3
Income before income taxes	53.5	368.0	(104.3)		(57.3)	259.9
(Benefit) provision for income taxes	(4.3)	122.0	(39.1)	P	(21.5)	57.1
Net income	57.8	246.0	(65.2)		(35.8)	202.8
Less: net income attributable to noncontrolling interest		13.0	(3.0)	Q		10.0
Net income attributable to controlling shareholders	\$ 57.8	\$ 233.0	\$ (62.2)		\$ (35.8)	\$ 192.8
Earnings per share:						
Basic	\$ 1.66					\$ 2.75
Diluted	\$ 1.66					\$ 2.75
Weighted average common shares:						
Basic	34.1		35.2	R		69.3

Diluted	34.1	35.2	R	69.4
---------	------	------	---	------

*See accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Statements*

**Table of Contents**

**Index to Financial Statements**

**GEORGIA GULF CORPORATION AND SUBSIDIARIES**

**NOTES TO THE UNAUDITED PRO FORMA CONDENSED**

**COMBINED FINANCIAL STATEMENTS**

**(In millions, except per share data and percentages)**

**Note 1. Basis of Presentation**

The accompanying Unaudited Pro Forma Condensed Combined Financial Statements present the pro forma consolidated financial position and results of operations of the combined company based upon the historical financial statements of each of Georgia Gulf and the PPG Chlor-alkali and Derivatives Business, after giving effect to the Merger and all related transactions, including the Financing Transactions and adjustments described in these notes, and are intended to reflect the impact of the Merger and the Financing Transactions on Georgia Gulf's consolidated financial statements. The accompanying Unaudited Pro Forma Condensed Combined Financial Statements have been prepared using and should be read in conjunction with the respective audited and unaudited consolidated or combined (as the case may be) financial statements of each of Georgia Gulf and the PPG Chlor-alkali and Derivatives Business for the fiscal year ended December 31, 2011 and as of and for the nine months ended September 30, 2012. The accompanying Unaudited Pro Forma Condensed Combined Financial Statements are presented for illustrative purposes only and do not reflect the costs of any integration activities or benefits that may result from realization of future costs savings due to operating efficiencies or revenue synergies expected to result from the Merger. In addition, throughout the periods presented in the Unaudited Pro Forma Condensed Combined Financial Statements, the operations of the PPG Chlor-alkali and Derivatives Business were conducted and accounted for as part of PPG. The PPG Chlor-alkali and Derivatives Business's audited and unaudited condensed financial statements have been derived from the PPG Chlor-alkali and Derivatives Business's historical accounting records and reflect significant allocations of direct costs and expenses. All of the allocations and estimates in such financial statements are based on assumptions that the management of PPG believes are reasonable. The PPG Chlor-alkali and Derivatives Business's financial statements do not necessarily represent the financial position of the PPG Chlor-alkali and Derivatives Business had it been operated as a separate independent entity.

The Unaudited Pro Forma Condensed Combined Statements of Income combine the historical Consolidated Statements of Income of Georgia Gulf and the historical Combined Statements of Income of the PPG Chlor-alkali and Derivatives Business for the nine months ended September 30, 2012 and for the year ended December 31, 2011, to reflect the Merger and all related transactions, including the Financing Transactions, as if they had occurred as of January 1, 2011. The Unaudited Pro Forma Condensed Combined Balance Sheet combines the historical Condensed Consolidated Balance Sheet of Georgia Gulf and the historical Condensed Combined Balance Sheet of the PPG Chlor-alkali and Derivatives Business as of September 30, 2012, giving effect to the Merger and all related transactions including the Financing Transactions and adjustments described in these notes, as if they had been consummated on September 30, 2012.

The Unaudited Pro Forma Condensed Combined Financial Statements were prepared using the acquisition method of accounting with Georgia Gulf considered the acquirer of the PPG Chlor-alkali and Derivatives Business. The audited and unaudited historical combined financial statements of the PPG Chlor-alkali and Derivatives Business have been adjusted to reflect certain reclassifications in order to conform to Georgia Gulf's financial statement presentation.

**Note 2. Acquisition Adjustments**

The Unaudited Pro Forma Condensed Combined Balance Sheet has been adjusted to reflect the allocation of the preliminary estimated purchase price to identifiable assets to be acquired and liabilities to be assumed, with the excess recorded as goodwill. The purchase price allocation in these Unaudited Pro Forma Condensed Combined Financial Statements is based upon an estimated purchase price of approximately \$2,508.5 million. This amount was derived in accordance with the Merger Agreement, as described further below, based on the closing price of Georgia Gulf common stock and the 34,538,268 shares of Georgia Gulf common stock issued and outstanding on November 26, 2012.

**Table of Contents****Index to Financial Statements**

The following represents the preliminary estimate of the purchase price to be paid in the Merger:

Equivalent new shares issued (par value \$0.01)	35.2
Georgia Gulf common stock price on November 26, 2012	\$ 45.65
Stock consideration transferred	1,608.5
Distributions to PPG	900.0
<b>Total preliminary purchase price</b>	<b>\$ 2,508.5</b>

The purchase price will be computed using the value of Georgia Gulf common stock on the closing date, therefore the actual purchase price will fluctuate with the market price of Georgia Gulf common stock until the Merger is consummated. As a result, the final purchase price could differ significantly from the current estimate, which could materially impact the Unaudited Pro Forma Condensed Combined Financial Statements.

The following table provides sensitivities to changes in purchase price due to changes in the per share price of Georgia Gulf common stock:

	Price of Georgia Gulf Common Stock	Shares Exchanged	Calculated Value of Stock Consideration	Combined Distribution to PPG	Total Purchase Price
As of November 26, 2012	\$ 45.65	35.2	\$ 1,608.5	\$ 900.0	\$ 2,508.5
Decrease of 10%	\$ 41.09	35.2	\$ 1,447.8	\$ 900.0	\$ 2,347.8
Increase of 10%	\$ 50.22	35.2	\$ 1,769.6	\$ 900.0	\$ 2,669.6

The preliminary estimated purchase price is allocated as follows:

Cash and cash equivalents	\$ 19.0
Receivables	281.5
Inventories	119.3
Prepaid expenses and other	14.5
Deferred income taxes	2.5
Property, plant and equipment	750.0
Goodwill	1,569.9
Intangible assets	801.9
Other assets, net	24.3
Accounts payable	(112.5)
Income taxes payable	(1.9)
Accrued compensation	(36.1)
Other accrued liabilities	(77.0)
Deferred income taxes	(443.1)
Other non-current liabilities	(317.1)
Noncontrolling interest	(86.7)
<b>Total preliminary estimated purchase price allocation</b>	<b>\$ 2,508.5</b>

The Unaudited Pro Forma Condensed Combined Balance Sheet reflects the following adjustments:

## Edgar Filing: GEORGIA GULF CORP /DE/ - Form DEFM14A

(A) Represents the distribution of \$225.0 in cash and the \$675.0 of Debt Securities for a combined total of \$900.0 in connection with the Distribution to PPG.

(B) In connection with the Merger, Georgia Gulf expects to incur approximately \$2.8 of cash expenses for deal related costs that will be paid subsequent to September 30, 2012. These costs, which primarily consist of professional and legal fees, are exclusive of the approximately \$24.5 in debt issuance costs described in Note 3(A).

(C) Represents the elimination of intercompany payables and receivables between Georgia Gulf and the PPG Chlor-alkali and Derivatives Business.



**Table of Contents****Index to Financial Statements**

(D) A \$53.3 increase in inventory to reflect the estimated fair value of the PPG Chlor-alkali and Derivatives Business, including the elimination of last-in, first-out ( LIFO ) reserves. Georgia Gulf accounts for inventory on a first-in, first-out ( FIFO ) basis.

(E) Prior to the Merger, Georgia Gulf and the PPG Chlor-alkali and Derivatives Business each owned a fifty percent interest in PHH, a manufacturing joint venture, which Georgia Gulf accounted for using the equity method. As a result of the Merger, Georgia Gulf will obtain control of PHH. Adjustments were recorded to reclassify the Georgia Gulf or PPG Chlor-alkali and Derivatives Business in historical equity investment balances of \$0.6 and \$0.7, respectively, to the following line items:

Property, plant and equipment	\$ 1.1
Other assets	0.2
<b>Total</b>	<b>\$ 1.3</b>

(F) Reclassifications were made to conform the balances of the PPG Chlor-alkali and Derivatives Business s to Georgia Gulf s financial statement presentation.

(G) A \$382.4 increase in property, plant and equipment to reflect the estimated fair value of the PPG Chlor-alkali and Derivatives Business s property, plant and equipment. For purposes of determining the impact on the Unaudited Pro Forma Condensed Combined Statements of Income, the fair value of property, plant and equipment is being depreciated over an estimated weighted-average useful life of 10 years.

(H) Reflects the preliminary adjustment to goodwill of \$1,569.9. The significant goodwill resulting from the Transactions is primarily due to the combined companies providing a significant increase in size and economies of scale, a significant increase in chlorine production flexibility as prior to the Transactions Georgia Gulf produces only approximately half of its chlorine requirements, an increase in natural gas integration and significant strategic, geographic and product synergies. The goodwill created in the Merger is not expected to be deductible for tax purposes.

(I) Represents the elimination of \$5.0 of existing intangible assets of the PPG Chlor-alkali and Derivatives Business and the recording of \$801.9 identifiable intangible assets attributable to the Merger.

The estimated intangible assets attributable to the Merger are comprised of the following:

	Amount	Annual Amortization Expense	Quarterly Amortization Expense	Estimated Weighted Average Life (Years)
Technology	\$ 32.0	\$ 1.8	\$ 0.5	17.5
Trade names	20.0	1.6	0.4	12.5
Customer relationships	749.9	68.2	17.0	11.0
	\$ 801.9	\$ 71.6	\$ 17.9	

The estimated fair values for this pro forma presentation for technology and trade names were measured using the relief-from-royalty method. This method assumes the technology and trade names have value to the extent that the owner is relieved of the obligation to pay royalties for the benefits received from them. Significant assumptions required to develop estimates using this method are revenue growth rates for the related brands, the appropriate royalty rate, an appropriate discount rate and obsolescence of technology.

The estimated fair values for this pro forma presentation for customer relationships were measured using the multi-period excess earnings method. The principle behind the multi-period excess earnings method is that the value of an intangible is equal to the present value of the incremental after-tax cash flows attributable to the subject intangible asset, after taking charges for the use of other assets employed by the business. Significant assumptions required for this method are revenue growth rates and profitability related to customers, customer attrition rates, contributory asset charges and an appropriate discount rate.



**Table of Contents****Index to Financial Statements**

(J) Reflects an adjustment to deferred tax liabilities representing the deferred income tax liability based on the global blended statutory tax rate of 37.5% multiplied by the fair value adjustments made to the assets to be acquired and liabilities to be assumed, excluding goodwill. For purposes of these Unaudited Pro Forma Condensed Combined Financial Statements, a global blended statutory tax rate of 37.5% has been used. This does not reflect Georgia Gulf's expected effective tax rate, which will include other tax charges and benefits, and does not take into account any historical or possible future tax events that may impact the combined company. The adjustment was calculated as follows:

<b>Current portion of deferred tax liability:</b>	
Inventory fair value adjustment	\$ 53.3
Statutory tax rate	37.5%
Current deferred tax liability adjustment	\$ 20.0
<b>Non-current portion of deferred tax liability:</b>	
Identifiable intangible assets fair value adjustment	\$ 796.9
Property, plant and equipment fair value adjustment	382.4
Total	\$ 1,179.3
Statutory tax rate	37.5%
Non-current deferred tax liability adjustment	\$ 442.2

(K) Stockholders' equity and parent company investment has been adjusted for the following:

Issuance of shares of Georgia Gulf common stock valued at \$1,608.5 as consideration for the Merger. Of the new stock issued, \$0.4 will be recorded as par value of common stock and \$1,608.2 will be recorded as additional paid-in capital.

Elimination of the PPG Chlor-alkali and Derivatives Business's parent company investment of \$426.0 and the accumulated other comprehensive loss, net of tax of \$185.0.

A \$72.7 increase to reflect the estimated fair value of the PPG Chlor-alkali and Derivatives Business's noncontrolling interest.

A \$2.8 decrease to retained earnings to reflect cash expenses for deal related costs that will be paid subsequent to September 30, 2012 as described in Note 2(B).

The Unaudited Pro Forma Condensed Combined Statements of Income reflect the following adjustments:

(L) Revenue from intercompany sales between the PPG Chlor-alkali and Derivatives Business and Georgia Gulf of \$39.4 for the nine months ended September 30, 2012 and \$88.2 for the year ended December 31, 2011 was eliminated.

(M) Cost of sales was adjusted as follows:

An increase to reflect reclassification of the PPG Chlor-alkali and Derivatives Business's historical depreciation cost from the depreciation and amortization line item of \$30.9 for the nine months ended September 30, 2012 and \$39.8 for the year ended

December 31, 2011.

An increase in depreciation expense of \$28.7 for the nine months ended September 30, 2012 and \$38.2 for the year ended December 31, 2011 resulting from an increase in the value of the PPG Chlor-alkali and Derivatives Business's property, plant and equipment, as described in Note 2(G).

An estimated \$9.3 increase in cost of sales related to the estimated fair market value step-up adjustment of the PPG Chlor-alkali and Derivatives Business's inventory, for the year ended December 31, 2011.

---

**Table of Contents**

**Index to Financial Statements**

A decrease due to the removal of historical amortization of prior service cost and actuarial losses related to the PPG Chlor-alkali and Derivatives Business's defined benefit pension plans and other postretirement benefit plans of \$13.9 for the nine months ended September 30, 2012 and \$13.9 for the year ended December 31, 2011.

An elimination to remove the cost associated with sales between the PPG Chlor-alkali and Derivatives Business and Georgia Gulf of \$37.3 for the nine months ended September 30, 2012 and \$87.8 for the year ended December 31, 2011, including intercompany profit in ending inventory of \$2.1 for the nine months ended September 30, 2012 and \$0.4 for the year ended December 31, 2011.

An increase to reflect the reclassification of PPG Chlor-alkali and Derivatives Business's historical research and development costs from the research and development line item of \$0.2 for the nine months ended September 30, 2012 and \$0.6 for the year ended December 31, 2011.

An increase of \$6.0 for the nine months ended September 30, 2012 and \$4.0 for the year ended December 31, 2011 to adjust for changes in the PPG Chlor-alkali and Derivatives Business's LIFO inventory reserve resulting from the conformance of the PPG Chlor-alkali and Derivatives Business's inventory methodology of LIFO to FIFO.

(N) Selling, general and administrative expenses were adjusted as follows:

The PPG Chlor-alkali and Derivatives Business's historical amortization of intangible assets of \$1.1 for the nine months ended September 30, 2012 and \$1.2 for the year ended December 31, 2011 was reclassified from the depreciation and amortization line item and then eliminated.

An increase in amortization expense of \$53.7 for the nine months ended September 30, 2012 and \$71.6 for the year ended December 31, 2011 resulting from adjustments to intangible assets described in Note 2(I).

A decrease due to the removal of historical amortization of prior service cost and actuarial losses related to the PPG Chlor-alkali and Derivatives Business's defined benefit pension plans and other postretirement benefit plans of \$4.1 for the nine months ended September 30, 2012 and \$4.1 for the year ended December 31, 2011.

An increase to reflect the reclassification of the PPG Chlor-alkali and Derivatives Business's historical research and development costs from the research and development line item of \$0.8 for the nine months ended September 30, 2012 and \$1.4 for the year ended December 31, 2011.

(O) Direct, incremental deal related costs of \$16.3 reflected in the historical financial statements of Georgia Gulf for the nine months ended September 30, 2012 were removed due to their non-recurring nature. These costs primarily consist of professional and legal fees.

(P) For purposes of these Unaudited Pro Forma Condensed Combined Financial Statements, a global blended statutory tax rate of 37.5% has been used. This does not reflect Georgia Gulf's effective tax rate, which will include other tax items such as state and foreign taxes as well as other tax charges and benefits, and does not take into account any historical or possible future tax events that may impact the combined company.

(Q) Net income attributable to noncontrolling interests was decreased by \$2.1 for the nine months ended September 30, 2012 and \$3.0 for the year ended December 31, 2011 to reflect amortization of fair value adjustments attributable to the noncontrolling interest.

(R) The adjustment to both weighted average shares outstanding and diluted weighted average shares outstanding is to reflect the 35.2 Georgia Gulf shares expected to be issued in the Merger.

**Note 3. Financing Adjustments**

Upon consummation of the Merger and the Financing Transactions contemplated as a part of the Transactions, on a pro forma consolidated basis, Georgia Gulf expects to incur approximately \$900.0 in

**Table of Contents****Index to Financial Statements**

additional debt, expected to be comprised of the \$225.0 Term Facility and \$675.0 aggregate principal amount of the Debt Securities. The exact amount of each of the Term Facility and Debt Securities will depend upon the tax basis of the PPG Chlor-alkali and Derivatives Business. The proceeds of the Term Facility and the Debt Securities will be transferred to PPG as part of the Distribution. In connection therewith, the shares of Splitco common stock then-outstanding are expected to be automatically converted into the greater of 35.2 shares of Georgia Gulf common stock and at least 50.5 percent of outstanding Georgia Gulf common stock after giving effect to such issuance. Georgia Gulf's pre-Merger stockholders will continue to hold the remaining approximately 49.5 percent of Georgia Gulf's common stock.

The Unaudited Pro Forma Condensed Combined Balance Sheet reflects the following adjustments:

(A) Represents the proceeds of \$225.0 from the term loans under the Term Facility less expected debt issuance costs incurred of \$24.5 (for both the \$225.0 Term Facility and \$675.0 Debt Securities). These debt issuance costs, which are expected to be paid with existing cash on hand, are expected to be capitalized and amortized using the effective interest method over the life of the Term Facility and the Debt Securities.

(B) As described above, in connection with the consummation of the Transactions, on a pro forma consolidated basis, Georgia Gulf expects to incur approximately \$900.0 in additional debt, expected to be comprised of the \$225.0 Term Facility and \$675.0 aggregate principal amount of the Debt Securities. The actual amount of each of the Term Facility and Debt Securities will depend upon the tax basis of the PPG Chlor-alkali and Derivatives Business.

The Unaudited Pro Forma Condensed Combined Statements of Income reflect the following adjustments:

(C) To include an estimate of interest expense on additional debt issued in connection with the Transactions.

A summary of the adjustments is as follows:

	Rate	Principal Amount	Nine Months Ended September 30, 2012	Year Ended December 31, 2011
Composition of new debt and related interest expense				
Term Loan	4.50%	\$ 225.0	\$ 7.6	\$ 10.1
Debt Securities	6.50%	675.0	32.9	43.9
Total new debt		\$ 900.0	40.5	54.0
Amortization of new debt issuance costs				
			2.5	3.3
			\$ 43.0	\$ 57.3

The interest rates are based on estimated current rates and on the credit rating that Georgia Gulf expects upon the consummation of the Merger, and expected timing of accessing the capital markets. For each one-eighth of 1% (12.5 basis points) change in the estimated interest rate associated with the \$900.0 of borrowings, interest expense would increase or decrease by \$0.8 and \$1.1 for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively.

(D) For purposes of these Unaudited Pro Forma Condensed Combined Financial Statements, a global blended statutory tax rate of 37.5% has been used. This does not reflect Georgia Gulf's effective tax rate, which will include other tax charges and benefits, and does not take into account any historical or possible future tax events that may impact the combined company.

**Note 4. Items Not Included**

The following expected material nonrecurring charges related to the Merger and all related transactions, including the Financing Transactions, are not included or provided for in the Unaudited Pro Forma Condensed Combined Statements of Income:

\$2.8 of cash expenses for deal related costs that will be paid subsequent to September 30, 2012.



**Table of Contents****Index to Financial Statements**

Certain costs associated with Transition Services Agreement, the Shared Facilities, Services and Supply Agreement and other Additional Agreements, professional fees, consultants, information technology implementation, relocation and severance which may be incurred in connection with the integration of Georgia Gulf and the PPG Chlor-alkali and Derivatives Business. These agreements may have an impact on the statement of income, but as they are currently being negotiated such amounts are not currently estimable or factually supportable.

Georgia Gulf expects to increase availability under the New ABL Revolver by \$200.0, subject to applicable borrowing base availability and other conditions. The New ABL Revolver is expected to charge a fee of 37.5 basis points on any portion of the facility that is undrawn.

The Unaudited Pro Forma Condensed Combined Financial Statements also do not reflect benefits that may result from the realization of approximately \$115.0 of annualized cost synergies expected to be fully realized in the first two years as a result of the Merger.

As of December 31, 2011, Georgia Gulf had a valuation allowance of \$101.3 recorded on its deferred tax assets. This valuation allowance relates predominately to Georgia Gulf's Canadian deferred tax assets. As part of the purchase price allocation process resulting from the Merger, it is possible that deferred tax liabilities will be recorded in the Canadian jurisdiction that, if recorded, could result in a release of a portion of the valuation allowance. Any release of a valuation allowance on Georgia Gulf's pre-Merger deferred tax assets will be recorded in the income statement in the period that the Merger is completed; however no such adjustment is included in the Unaudited Pro Forma Condensed Combined Financial Statements due to its nonrecurring nature.

No gain or loss was recorded to reflect the remeasurement of Georgia Gulf's previously held equity interest in PHH as a result of Georgia Gulf obtaining control of PHH through the Merger.

**Comparative Historical and Pro Forma Per Share Data**

The following table sets forth certain historical and pro forma per share data for Georgia Gulf. The historical data has been derived from and should be read together with the audited consolidated financial statements of Georgia Gulf and related notes thereto contained in Georgia Gulf's annual report on Form 10-K for the fiscal year ended December 31, 2011, and Georgia Gulf's unaudited condensed consolidated financial statements and related notes thereto contained in Georgia Gulf's quarterly report on Form 10-Q for the period ended September 30, 2012, which are incorporated by reference into this document. See [Where You Can Find More Information; Incorporation by Reference](#). The pro forma data has been derived from the unaudited pro forma condensed combined financial statements of Georgia Gulf and the PPG Chlor-alkali and Derivatives Business included elsewhere in this document.

This comparative historical and pro forma per share data is being provided for illustrative purposes only. Georgia Gulf may have performed differently had the Transactions occurred prior to the periods presented. You should not rely on the pro forma per share data presented as being indicative of the results that would have been achieved had Georgia Gulf and the PPG Chlor-alkali and Derivatives Business been combined during the periods presented or of the future results or financial condition of Georgia Gulf to be achieved following the Transactions.

	As of and for the Nine Months Ended September 30, 2012		As of and for the Year Ended December 31, 2011	
	Historical	Pro Forma	Historical	Pro Forma
(shares in thousands)				
Basic earnings per share	\$ 2.54	\$ 3.03	\$ 1.66	\$ 2.75
Diluted earnings per share	\$ 2.53	\$ 3.02	\$ 1.66	\$ 2.75
Weighted average common shares outstanding Basic	34,413	69,649	34,086	69,332
Weighted average common shares outstanding Diluted	34,641	69,887	34,122	69,367

**Table of Contents****Index to Financial Statements****Historical Common Stock Market Price Data**

Historical market price data for Splitco has not been presented as the PPG Chlor-alkali and Derivatives Business currently does not operate as a stand-alone entity. As such, shares of Splitco common stock are not currently listed on a public stock exchange and are not publicly traded.

Shares of Georgia Gulf common stock currently trade on the NYSE under the symbol GGC. On July 18, 2012, the last trading day before the announcement of the Transactions, the last sale price of Georgia Gulf common stock reported by the NYSE was \$28.85. On December 5, 2012, the last sale price of Georgia Gulf common stock reported by the NYSE was \$44.18.

The following table sets forth the high and low sale prices of Georgia Gulf common stock on the NYSE for the periods indicated. The quotations are as reported in published financial sources. For current price information, Georgia Gulf stockholders are urged to consult publicly available sources.

	<b>Georgia Gulf Common Stock</b>	
	<b>High</b>	<b>Low</b>
<b>Year Ending December 31, 2012</b>		
First Quarter	\$ 35.56	\$ 20.24
Second Quarter	\$ 37.24	\$ 23.80
Third Quarter	\$ 40.88	\$ 24.52
Fourth Quarter (through December 5, 2012)	\$ 47.17	\$ 35.27
<b>Year Ended December 31, 2011</b>		
First Quarter	\$ 38.15	\$ 23.68
Second Quarter	\$ 40.59	\$ 22.57
Third Quarter	\$ 25.35	\$ 13.69
Fourth Quarter	\$ 20.83	\$ 12.19
<b>Year Ended December 31, 2010</b>		
First Quarter	\$ 19.08	\$ 13.91
Second Quarter	\$ 21.79	\$ 13.26
Third Quarter	\$ 17.00	\$ 11.11
Fourth Quarter	\$ 24.75	\$ 15.61

**Georgia Gulf Dividend Policy**

On May 21, 2012, Georgia Gulf declared a cash dividend of \$0.08 per share, Georgia Gulf's first dividend since 2008. This dividend was paid on July 10, 2012. Georgia Gulf also declared a cash dividend of \$0.08 per share on September 11, 2012, which was paid on October 10, 2012. Pursuant to the Merger Agreement, Georgia Gulf has agreed not to pay a quarterly dividend of greater than \$0.08 per share until after the closing of the Merger and indicated its intent to pay quarterly dividends from and after the consummation of the Merger at no less than the current rate of \$0.32 per share per annum, although the payment of cash dividends in the future will be at the discretion of Georgia Gulf's board of directors. The declaration of any cash dividends, and the amount thereof, will depend on many factors, including Georgia Gulf's financial condition, capital requirements, funds from operations, the dividend taxation level, Georgia Gulf's stock price, future business prospects, and any other factors, as Georgia Gulf's board of directors may deem relevant. Additionally, the ABL Revolver and the indenture governing the 9 percent notes place significant restrictions on Georgia Gulf's ability to pay dividends, and other indebtedness Georgia Gulf may incur in the future, including the New ABL Revolver, may contain similar restrictions.

---

**Table of Contents****Index to Financial Statements****THE TRANSACTIONS**

On July 19, 2012, Georgia Gulf and PPG announced that they, along with Splitco and Merger Sub, had entered into the Merger Agreement, and that PPG and Splitco had entered into the Separation Agreement, which together provide for the combination of Georgia Gulf's business and the PPG Chlor-alkali and Derivatives Business. In the Transactions, PPG will transfer the PPG Chlor-alkali and Derivatives Business to Splitco, a newly formed wholly-owned subsidiary of PPG. Prior to the Distribution, PPG will receive the cash proceeds of approximately \$225.0 million from borrowings under the Term Facility through a distribution in connection with the Separation and prior to the consummation of the Merger. PPG will also receive approximately \$675.0 million in Debt Securities, which are expected to be issued by Splitco to PPG prior to the Distribution, and then expected to be transferred on or about the closing date of the Merger to investment banks and/or commercial banks in satisfaction of the debt obligations of PPG described in the section of this document entitled "Debt Financing - PPG Bridge Facility."

On the closing date of the Merger, PPG will distribute shares of Splitco common stock to its participating shareholders in an exchange offer. If the exchange offer is consummated but is not fully subscribed, PPG will distribute the remaining shares of Splitco common stock on a pro rata basis to PPG shareholders whose shares of PPG common stock remain outstanding after consummation of the exchange offer. Any PPG shareholder who validly tenders (and does not properly withdraw) shares of PPG common stock for shares of Splitco common stock in the exchange offer will waive their rights with respect to such shares to receive, and forfeit any rights to, shares of Splitco common stock distributed on a pro rata basis to PPG shareholders in the event the exchange offer is not fully subscribed. If there is a pro rata distribution, the exchange agent will calculate the exact number of shares of Splitco common stock not exchanged in the exchange offer and to be distributed on a pro rata basis, and the number of shares of Georgia Gulf common stock into which the remaining shares of Splitco common stock will be converted in the Merger will be transferred to PPG shareholders (after giving effect to the consummation of the exchange offer) as promptly as practicable thereafter. Immediately after the Distribution and on the closing date of the Merger, Merger Sub will merge with and into Splitco, whereby the separate corporate existence of Merger Sub will cease and Splitco will continue as the surviving company and as a wholly-owned subsidiary of Georgia Gulf. In the Merger, each share of Splitco common stock will be converted into the right to receive Georgia Gulf common stock based on the exchange ratio set forth in the Merger Agreement, as described in the section of this document entitled "The Merger Agreement - Merger Consideration."

Georgia Gulf expects to issue approximately 35,236,010 shares of Georgia Gulf common stock in the Merger, although the exact number of shares to be issued in the Merger will not be known until the closing date. Based upon the reported closing sale price of \$45.65 per share for Georgia Gulf common stock on the NYSE on November 26, 2012 and the 34,538,268 shares of Georgia Gulf common stock issued and outstanding on November 26, 2012, the total value of the shares expected to be issued by Georgia Gulf and the amount of cash received by PPG in the Transactions, including the Term Facility and the Debt Securities, which will be the obligations of Splitco and, following the consummation of the Merger, will be guaranteed by Georgia Gulf, would have been approximately \$2,508.5 million. The value of the consideration to be paid by Georgia Gulf in the Merger will be computed using the value of Georgia Gulf common stock on the closing date, and therefore, the actual purchase price will fluctuate with the market price of Georgia Gulf common stock until the Merger is consummated.

After the Merger, Georgia Gulf will own and operate the PPG Chlor-alkali and Derivatives Business through Splitco, which will be Georgia Gulf's wholly-owned subsidiary, and will also continue its current businesses. All shares of Georgia Gulf common stock, including those issued in the Merger, will be listed on the NYSE under Georgia Gulf's current trading symbol - GGC.

Below is a step-by-step description of the sequence of material events relating to the Transactions.

---

**Table of Contents**

**Index to Financial Statements**

Step 1     *Separation*

PPG will transfer to Splitco, a newly formed, direct wholly-owned subsidiary of PPG, the PPG Chlor-alkali and Derivatives Business. This transfer to Splitco will include, among the other assets and liabilities of the PPG Chlor-alkali and Derivatives Business, PPG's 50% interest in PHH and 50% interest in RS Cogen. PPG is currently discussing with its joint venture partner, CPDC, the potential transfer of the TCI Interests to Splitco, or a subsidiary thereof. In the event that PPG does not convey the TCI Interests at or prior to the effective time of the Separation to Splitco, or a subsidiary thereof, the Special Distribution will be reduced by \$130 million. Georgia Gulf does not believe that there would be a material adverse impact on the combined business after the consummation of the Merger if the TCI Interests were not transferred as part of the Transactions.

Step 2     *Incurrence of Debt*

Prior to the Distribution, Splitco will incur new indebtedness in the form of the Term Facility in the amount of approximately \$225.0 million and issue approximately \$675.0 million in aggregate principal amount of Debt Securities to PPG. PPG will ultimately receive the cash proceeds from the approximately \$225.0 million term loan under the Term Facility through a distribution in connection with the Separation and prior to the consummation of the Merger. PPG is then expected to transfer the Debt Securities on or about the closing date of the Merger to investment banks and/or commercial banks in satisfaction of the debt obligations of PPG described in the section of this document entitled "Debt Financing - PPG Bridge Facility." The Debt Securities are subsequently expected to be sold by the investment banks and/or commercial banks to third-party investors as described below. PPG is expected to receive approximately \$900.0 million in cash from the Term Facility and Debt Securities.

Step 3     *Distribution - Exchange Offer*

PPG will offer to PPG shareholders the right to exchange all or a portion of their shares of PPG common stock for shares of Splitco common stock at a discount to the per-share value of Georgia Gulf common stock in an exchange offer.

If the exchange offer is consummated but is not fully subscribed, PPG will distribute the remaining shares of Splitco common stock on a pro rata basis to PPG shareholders whose shares of PPG common stock remain outstanding after consummation of the exchange offer. Any PPG shareholder who validly tenders (and does not properly withdraw) shares of PPG common stock for shares of Splitco common stock in the exchange offer will waive their rights with respect to such shares to receive, and forfeit any rights to, shares of Splitco common stock distributed on a pro rata basis to PPG shareholders in the event the exchange offer is not fully subscribed. If there is a pro rata distribution, the exchange agent will calculate the exact number of shares of Splitco common stock not exchanged in the exchange offer and to be distributed on a pro rata basis, and the number of shares of Georgia Gulf common stock into which the remaining shares of Splitco common stock will be converted in the Merger will be transferred to PPG shareholders (after giving effect to the consummation of the exchange offer) as promptly as practicable thereafter.

The exchange agent will hold, for the account of the relevant PPG shareholders, the global certificate(s) representing all of the outstanding shares of Splitco common stock, pending the consummation of the Merger. Shares of Splitco common stock will not be traded during this period.

As previously noted, Georgia Gulf has prepared this document under the assumption that the shares of Splitco will be distributed to PPG shareholders pursuant to a split-off. Based on market conditions prior to closing, PPG will determine whether the Splitco shares will be distributed to PPG's shareholders in a spin-off or a split-off and, once a final decision is made, this document may be amended to reflect that decision, if necessary.

**Table of Contents**

**Index to Financial Statements**

Step 4 *Merger*

Immediately after the Distribution, and on the closing date of the Merger, Merger Sub will merge with and into Splitco, whereby the separate corporate existence of Merger Sub will cease and Splitco will continue as the surviving company and a wholly-owned subsidiary of Georgia Gulf. In the Merger, each share of Splitco common stock will be converted into the right to receive Georgia Gulf common stock based on the exchange ratio set forth in the Merger Agreement, as described in the section of this document entitled *The Merger Agreement Merger Consideration*. Following the consummation of the Merger, Georgia Gulf and certain of its subsidiaries will guarantee the Term Facility and the Debt Securities.

Immediately after consummation of the Merger, 50.5% of Georgia Gulf common stock is expected to be held by pre-Merger holders of Splitco common stock and 49.5% of Georgia Gulf common stock is expected to be held by pre-Merger Georgia Gulf stockholders, subject to potential adjustment under limited circumstances as described in the section of this document entitled *The Merger Agreement Merger Consideration*.

Step 5 *Sale of Debt Securities to Third-Party Investors*

As described in Step 2 above, Georgia Gulf and PPG expect the Debt Securities to be transferred by PPG on or about the closing date of the Merger to investment banks and/or commercial banks in the Debt Exchange in exchange for debt obligations of PPG described in the section of this document entitled *Debt Financing PPG Bridge Facility*. The Debt Securities will then be sold by the investment banks and/or commercial banks to third-party investors pursuant to an exemption from registration under the Securities Act in either a private placement or a Rule 144A transaction.

Set forth below are diagrams that graphically illustrate, in simplified form, the existing corporate structure, the corporate structure immediately following the Distribution, and the corporate structure immediately following the consummation of the Transactions contemplated by the Merger Agreement.

**Table of Contents**

**Index to Financial Statements**

After completion of all of the steps described above:

Georgia Gulf's wholly-owned subsidiary, Splitco, will hold the assets and liabilities of the PPG Chlor-alkali and Derivatives Business and will be the obligor under the Term Facility and the Debt Securities, which will be guaranteed by Georgia Gulf and certain of its subsidiaries; and

PPG will receive the approximately \$225.0 million in cash proceeds from the Term Facility and will exchange the approximately \$675.0 million in Debt Securities for debt obligations of PPG in the Debt Exchange (and the Debt Securities will then be sold to third-party investors), resulting in PPG receiving approximately \$900.0 million in cash from the Transactions.

Immediately after consummation of the Merger, 50.5% of Georgia Gulf common stock is expected to be held by pre-Merger holders of Splitco common stock and 49.5% of Georgia Gulf common stock is expected to be held by pre-Merger Georgia Gulf stockholders, subject to potential adjustment under limited circumstances as described in the section of this document entitled "The Merger Agreement - Merger Consideration." In connection with the Transactions, Georgia Gulf, Merger Sub, PPG and/or Splitco have entered into or will enter into the Additional Agreements relating to, among other things, certain tax matters, certain employee matters, the provision of certain transition services during a transition period following the consummation of the Transactions, and the sharing of facilities, services and supplies. See "Other Agreements."

Various factors were considered by Georgia Gulf and PPG in negotiating the terms of the Transactions, including the equity ownership levels of Georgia Gulf stockholders and the PPG shareholders receiving shares of Georgia Gulf common stock in the Distribution. The principal factors considered by the parties negotiating the terms of the Transactions were the strategic and financial benefits that could be expected to be achieved by combining Georgia Gulf and the PPG Chlor-alkali and Derivatives Business relative to the future prospects of Georgia Gulf on a standalone basis, the relative actual results of operations and prospects of Georgia Gulf and of the PPG Chlor-alkali and Derivatives Business, synergies expected to be realized in the combination, as well as other alternatives that may be available to Georgia Gulf, and the risks and uncertainties associated with the

## **Table of Contents**

### **Index to Financial Statements**

Transactions and with such alternatives, and the other factors identified in the sections of this document entitled *Background of the Transactions* and *Georgia Gulf's Reasons for the Transactions*. PPG also considered, among other things, the value to PPG and PPG's shareholders that could be realized in the Transactions as compared to the value to PPG and PPG's shareholders that could be realized if the Transactions did not occur, the proposed tax treatment of the Transactions, and the other factors identified in the section of this document entitled *PPG's Reasons for the Transactions*.

### **Determination of Number of Shares of Splitco Common Stock to be Distributed to PPG Shareholders**

PPG is offering to exchange all shares of Splitco common stock for shares of PPG common stock validly tendered and not properly withdrawn. Pursuant to an amendment to the Merger Agreement dated August 31, 2012, Splitco will authorize the issuance of a number of shares of Splitco common stock such that the total number of shares of Splitco common stock outstanding immediately prior to the effective time of the Merger will equal the greater of (i) 35,200,000 shares or (ii) the product of (x) the number of shares of Georgia Gulf common stock issued and outstanding immediately prior to the effective time of the Merger multiplied by (y) 1.02020202, subject to adjustment under certain circumstances. Accordingly, the total number of shares of Splitco common stock outstanding immediately prior to the effective time of the Merger to be exchanged for shares of PPG common stock in the exchange offer will be equal to the number of shares of Georgia Gulf common stock to be issued in the Merger. See *The Merger Agreement Merger Consideration*.

### ***No Fractional Shares; Exchange of Certificates***

In the conversion of shares of Splitco common stock into shares of Georgia Gulf common stock, no fractional shares of Georgia Gulf common stock will be delivered to holders of Splitco common stock. All fractional shares of Georgia Gulf common stock that a holder of shares of Splitco common stock would otherwise be entitled to receive as a result of the Merger will be aggregated by the transfer agent. The transfer agent will cause the whole shares obtained thereby to be sold on behalf of such holders of shares of Splitco common stock that would otherwise be entitled to receive such fractional shares of Georgia Gulf common stock in the Merger, in the open market or otherwise as reasonably directed by PPG, and in no case later than five business days after the Merger. The transfer agent will make available the net proceeds thereof, after deducting any required withholding taxes and brokerage charges, commissions and transfer taxes, on a pro rata basis, without interest, as soon as practicable to the holders of Splitco common stock that would otherwise be entitled to receive such fractional shares of Georgia Gulf common stock in the Merger.

Upon consummation of the Merger, shares of Splitco common stock will no longer be outstanding and will automatically be canceled and retired. Prior to the Merger, Georgia Gulf will deposit with the transfer agent the certificates or book-entry authorizations representing the shares of Georgia Gulf common stock issuable in the Merger. To the extent not previously distributed in connection with the Distribution, the transfer agent will mail to each holder of record of Splitco common stock a letter of transmittal and instructions for use in effecting the surrender of any certificates in the Merger.

### **Background of the Transactions**

PPG has been a long-time supplier of chlorine to Georgia Gulf pursuant to an agreement that was assigned to Georgia Gulf in 1999 when Georgia Gulf purchased its Lake Charles, Louisiana manufacturing facilities. This arrangement has been the primary source for satisfying Georgia Gulf's chlorine supply needs for its Lake Charles facilities. Also, on occasion PPG has sold chlorine to Georgia Gulf for use in its plants in Plaquemine, Louisiana, and from time to time the parties have supplied caustic soda to each other to even out the supply needs of their respective Louisiana operations. In addition, PPG and Georgia Gulf have been partners since 1999 in a joint venture that owns and operates a VCM manufacturing plant in Lake Charles, Louisiana, and PPG supplies chlorine to this joint venture as well.

Georgia Gulf has periodically considered potential strategic transactions involving the PPG Chlor-alkali and Derivatives Business in light of these long-standing commercial relationships, and the potential benefits to

---

**Table of Contents****Index to Financial Statements**

Georgia Gulf to enhance its integration into chlorine supply. Similarly, PPG has periodically considered potential strategic transactions involving the PPG Chlor-alkali and Derivatives Business, including the possibility of a spin-off or divestiture. From time to time over a number of years, representatives of Georgia Gulf and PPG engaged in preliminary discussions regarding potential strategic opportunities involving the two businesses, including a merger using a Reverse Morris Trust structure. In general, in a Reverse Morris Trust transaction, subject to receiving the necessary rulings from the Internal Revenue Service, PPG can dispose of the PPG Chlor-alkali and Derivatives Business to Georgia Gulf without incurring, or having its shareholders incur, U.S. federal income tax on the consideration to be received by PPG and its shareholders in the transaction. As a result, the principal advantage to Georgia Gulf of the Reverse Morris Trust structure is that such structure facilitates the acquisition of the PPG Chlor-alkali and Derivatives Business by Georgia Gulf whereas a taxable disposition of the PPG Chlor-alkali and Derivatives Business might otherwise have made the transaction financially unattractive to PPG or required Georgia Gulf to pay additional consideration. In addition, as the requirements of a Reverse Morris Trust structure principally dictate the issuance of equity by Georgia Gulf as consideration in the transaction, this would allow Georgia Gulf to combine with the PPG Chlor-alkali and Derivatives Business using the issuance of its common stock, as opposed to paying cash consideration, which would require additional leverage. While those discussions never progressed beyond the preliminary stage, Georgia Gulf continued to consider a potential combination with the PPG Chlor-alkali and Derivatives Business as an attractive opportunity for long-term value creation.

In 2009, Georgia Gulf completed an equity-for-debt exchange that substantially reduced Georgia Gulf's outstanding debt and resulted in the issuance to its then bondholders of shares representing approximately 96% of its common stock after completion of the exchange. In conjunction with the recapitalization, the board of directors of Georgia Gulf was reconstituted with the addition of new directors comprising a majority of the number of directors. In early 2010, the board of directors of Georgia Gulf and management conducted an extensive review of Georgia Gulf's businesses and strategic opportunities. As part of that planning process, Georgia Gulf identified as a principal strategic objective the enhancement of its integration into chlorine supply, which would enable it to better capture favorable margins and financial benefits throughout the chlorovinyls chain and the business cycle. In addition, in May 2010, Georgia Gulf and PPG entered into a confidentiality agreement to facilitate discussions between the companies regarding manufacturing and shared services business opportunities relating to chlor-alkali products, ethylene and PVC. These discussions, which occurred during 2010, focused on a potential capacity expansion of PPG's chlorine production at Lake Charles, the possible involvement of Georgia Gulf in acquiring a partial ownership interest in those expanded facilities and the terms of related supply and other contracts.

In February 2011, Georgia Gulf publicly announced its goal to substantially augment its access to chlorine supply and to pursue a level of vertical integration that would enhance Georgia Gulf's operating rates throughout business cycles, allow Georgia Gulf to take advantage of the expansion of natural gas-fired cogeneration to lower its energy costs and improve its position to capitalize on other growth opportunities.

In furtherance of that objective, in the spring and summer of 2011, Georgia Gulf's management, with the assistance of Barclays Capital Inc. (Barclays), analyzed the use of a Reverse Morris Trust transaction structure to effect a combination of Georgia Gulf with the PPG Chlor-alkali and Derivatives Business. Georgia Gulf's management, with the assistance of Barclays, examined the tax-driven requirements for the structure of such a transaction, the possible value of the PPG Chlor-alkali and Derivatives Business, the effects on Georgia Gulf's businesses from such a combination, the types of potential operating and other synergies that could be achieved in such a transaction, and the resulting capitalization of Georgia Gulf. On several occasions between August and October 2011 Paul Carrico, Georgia Gulf's president and chief executive officer, contacted Charles Bunch, PPG's chairman and chief executive officer, to discuss the existing chlorine supply agreement between the parties and to suggest the companies initiate discussions concerning a potential combination of Georgia Gulf and the PPG Chlor-alkali and Derivatives Business, as well as a potential new long-term chlorine supply arrangement. Following that contact, preliminary discussions were held between representatives of Barclays and of PPG's financial advisors concerning a possible combination.



**Table of Contents**

**Index to Financial Statements**

At a regularly scheduled meeting on September 14, 2011, as part of its regular strategic review process, the board of directors of Georgia Gulf reviewed progress on various strategic objectives and initiatives for Georgia Gulf's business, including management's assessment of alternative approaches to achieving greater integration of chlorine supply. The primary alternatives included Georgia Gulf developing and building its own chlorine production facility, entering into a joint venture arrangement with PPG