

GEORGIA GULF CORP /DE/
Form S-4
May 14, 2004

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As filed with the Securities and Exchange Commission on May 14, 2004

Registration No. 333-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

Delaware (State or Other Jurisdiction of Incorporation or Organization)	GEORGIA GULF CORPORATION (Exact Name of Registrant as Specified in Charter) 2821 (Primary Standard Industrial Classification Code Number)	58-1563799 (I.R.S. Employer Identification Number)
Delaware (State or Other Jurisdiction of Incorporation or Organization)	GEORGIA GULF LAKE CHARLES, LLC (Exact Name of Registrant as Specified in its Charter) 2869 (Primary Standard Industrial Classification Code Number)	06-1559251 (I.R.S. Employer Identification Number)
Delaware (State or Other Jurisdiction of Incorporation or Organization)	GEORGIA GULF CHEMICALS & VINYL, LLC (Exact Name of Registrant as Specified in its Charter) 2821 (Primary Standard Industrial Classification Code Number)	06-1559253 (I.R.S. Employer Identification Number)
Delaware (State or Other Jurisdiction of Incorporation or Organization)	GG TERMINAL MANAGEMENT CORPORATION (Exact Name of Registrant as Specified in its Charter) 5169 (Primary Standard Industrial Classification Code Number)	58-1874434 (I.R.S. Employer Identification Number)
Delaware (State or Other Jurisdiction of Incorporation or Organization)	GREAT RIVER OIL & GAS CORPORATION (Exact Name of Registrant as Specified in its Charter) 1311 (Primary Standard Industrial Classification Code Number) 400 Perimeter Center Terrace, Suite 595 Atlanta, Georgia 30346 (770) 395-4500 (Address, including zip code, and telephone number, including area code, of Registrants' principal executive offices)	72-0895452 (I.R.S. Employer Identification Number)

Joel I. Beerman, Esq.
Vice President and General Counsel
Georgia Gulf Corporation
400 Perimeter Center Terrace, Suite 595
Atlanta, Georgia 30346

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(770) 395-4500

(Address, including zip code, and telephone number, including area code, of Registrants' principal executive offices)

Copies to:

Lisa A. Stater, Esq.
Jones Day
1420 Peachtree Street, N.E.
Suite 800
Atlanta, Georgia 30309-3053
(404) 521-3939

Approximate date of commencement of proposed sale to the public: As soon as practicable following the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to Be Registered	Proposed Maximum Offering Price per unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
7 ¹ / ₈ % Senior Notes Due 2013	\$100,000,000(1)	100%(2)	\$100,000,000(2)	\$12,670
Subsidiary Guarantees of 7 ¹ / ₈ % Senior Notes Due 2013				(3)

- (1) Represents the maximum principal amount at maturity of 7¹/₈% Senior Notes due 2013 that may be issued pursuant to the exchange offer described in this registration statement.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f)(2) under the Securities Act.
- (3) Pursuant to Rule 457(n) under the Securities Act, no separate fee is payable for the subsidiary guarantees of the notes.

The registrants hereby amend this registration statement on such date or dates as may be necessary to delay its effective date until the registrants shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Securities and Exchange Commission acting pursuant to said Section 8(a), may determine.

Subject to Completion, Dated May 14, 2004

The information in this prospectus is not complete and may be changed. Georgia Gulf may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and Georgia Gulf is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Prospectus

\$100,000,000

**Offer to Exchange
All Outstanding 7¹/₈% Senior Notes Due 2013
for 7¹/₈% Senior Notes Due 2013
of
Georgia Gulf Corporation**

**This Exchange Offer Will Expire at 5:00 p.m.,
New York City Time, on _____, 2004.**

The exchange notes:

The terms of the exchange notes to be issued are substantially identical to the outstanding notes that Georgia Gulf issued on December 3, 2003, except for transfer restrictions, registration rights and liquidated damages provisions relating to the outstanding notes that will not apply to the exchange notes.

Interest on the exchange notes accrues at the rate of 7¹/₈% per year, payable in cash every six months on June 15 and December 15, with the first payment on June 15, 2004.

The exchange notes are unsecured and will rank equally with any existing and future senior debt and senior to any subordinated debt.

If we fail to make payments on the notes, our subsidiary guarantors must make them instead. All of our existing and future restricted subsidiaries that have guaranteed, or will guarantee, indebtedness under our senior credit facility will be guaranteeing our payments on the exchange notes. These guarantees will be senior obligations of those subsidiary guarantors.

Material terms of the exchange offer:

The exchange offer expires at 5:00 p.m., New York City time, on _____, 2004, unless extended.

The exchange offer is subject to conditions, which we may waive.

All outstanding notes that are validly tendered and not validly withdrawn will be exchanged for an equal principal amount of notes that are registered under the Securities Act of 1933.

You may withdraw your tender of outstanding notes at any time before the expiration of the exchange offer.

Georgia Gulf will not receive any cash proceeds from the exchange offer.

Please consider carefully the "Risk Factors" beginning on page 9 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved the notes to be distributed in the exchange offer, nor have any of these organizations determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2004.

References to Additional Information

This prospectus incorporates important business and financial information about Georgia Gulf that is not included in or delivered with this prospectus. You may obtain, without charge, documents that are filed by Georgia Gulf with the Securities and Exchange Commission and incorporated by reference into this prospectus by requesting the documents, in writing or by telephone, from the Commission or from:

**Georgia Gulf Corporation
400 Perimeter Center Terrace, Suite 595
Atlanta, Georgia 30346
Attention: Investor Relations
Telephone: (770) 395-4587**

If you would like to request copies of these documents, please do so by _____, 2004 in order to receive them before the expiration of the exchange offer. See "Where You Can Get More Information."

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SUMMARY

This summary highlights basic information about Georgia Gulf and the exchange offer, but it does not contain all information important to you. You should read the more detailed information and financial statements and the related notes appearing elsewhere in this prospectus and incorporated by reference into this prospectus. Unless we indicate otherwise or the context otherwise requires, "Georgia Gulf," "we," "us" or "our" refer to Georgia Gulf Corporation and our subsidiaries.

Georgia Gulf

We are a leading North American manufacturer and international marketer of two integrated product lines, chlorovinyls and aromatics. In our chlorovinyls business, we are:

the third largest North American producer of vinyl chloride monomer;

the third largest North American producer of vinyl suspension resins, and

the second largest North American producer of vinyl compounds.

In our aromatics business, we are:

one of the largest North American producers of cumene, and

a leading North American producer and marketer of phenol.

Our manufacturing processes also include the production of caustic soda, chlorine and acetone. The primary products we sell externally include vinyl resins, vinyl compounds and caustic soda in our chlorovinyls business and cumene, phenol and acetone in our aromatics business. These products are used globally in a wide variety of end-use applications, including construction and renovation, engineering plastics, pulp and paper production, chemical intermediates, pharmaceuticals and consumer products. We believe our vertical integration, world scale facilities, operating efficiencies, facility locations and the productivity of our employees provide us with a competitive cost position in our primary markets.

Our principal executive offices are located at 400 Perimeter Center Terrace, Suite 595, Atlanta, Georgia 30346. Our telephone number is (770) 395-4500.

Use of Proceeds

We will not receive any cash proceeds from the exchange offer.

The Exchange Offer

The Exchange Offer

We are offering to exchange \$100,000,000 in principal amount of our 7¹/₈% senior notes due 2013, which have been registered under the federal securities laws, for \$100,000,000 in principal amount of our outstanding unregistered 7¹/₈% senior notes due 2013 that we issued on December 3, 2003 in a private offering. You have the right to exchange your outstanding notes for exchange notes with substantially identical terms, except that transfer restrictions, registration rights, and liquidated damages provisions currently relating to the outstanding notes do not apply to the exchange notes.

Registration Rights Agreement	<p>In order for your outstanding notes to be exchanged, you must properly tender them before the expiration of the exchange offer. All outstanding notes that are validly tendered and not validly withdrawn will be exchanged. We will issue the exchange notes on or promptly after the expiration of the exchange offer.</p> <p>We sold the outstanding notes on December 3, 2003. At that time, we signed a registration rights agreement with the placement agents that requires us to conduct this exchange offer.</p>
If You Do Not Exchange Your Outstanding Notes	<p>This exchange offer is intended to satisfy those rights set forth in the registration rights agreement. After the exchange offer is complete, you will no longer be entitled to registration rights with respect to outstanding notes that you do not exchange.</p> <p>If you do not exchange your outstanding notes for exchange notes in the exchange offer, you will continue to be subject to the restrictions on transfer provided in the outstanding notes and the indenture governing those notes. In general, you may not offer or sell your outstanding notes unless they are registered under the federal securities laws or sold in a transaction exempt from, or not subject to, the registration requirements of federal and applicable state securities laws.</p>
Expiration Date	<p>The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2004 unless we decide to extend the expiration date. See "The Exchange Offer Expiration Date; Extensions; Amendments."</p>
Conditions to the Exchange Offer	<p>The exchange offer is subject to conditions that we may waive. The exchange offer is not conditioned upon any minimum amount of outstanding notes being tendered for exchange. See "The Exchange Offer Conditions."</p> <p>We reserve the right, subject to applicable law, at any time and from time to time:</p> <ul style="list-style-type: none"> to delay the acceptance of the outstanding notes; to terminate the exchange offer if specified conditions have not been satisfied; to extend the expiration date of the exchange offer and retain all tendered outstanding notes, subject to the right of tendering holders to withdraw their tender of outstanding notes; and to waive any condition or otherwise amend the terms of the exchange offer in any respect. <p>See "The Exchange Offer Expiration Date; Extensions; Amendments."</p>

Procedures for Tendering Outstanding Notes

If you wish to tender your outstanding notes for exchange, you must:

- complete and sign the enclosed letter of transmittal by following the related instructions; and
- send the letter of transmittal and any other required documents, as directed in the instructions, to the exchange agent, either (1) with the outstanding notes to be tendered or (2) in compliance with the specified procedures for guaranteed delivery of the outstanding notes.

Brokers, dealers, commercial banks, trust companies and other nominees may also effect tenders by book-entry transfer.

Please do not send your letter of transmittal or certificates representing your outstanding notes to Georgia Gulf. Those documents should only be sent to the exchange agent. Questions regarding how to tender and requests for information should be directed to the exchange agent. See "The Exchange Offer Exchange Agent."

Special Procedures for Beneficial Owners

If your outstanding notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, we urge you to contact that person promptly if you wish to tender your outstanding notes in the exchange offer. See "The Exchange Offer Procedures for Tendering."

Withdrawal Rights

You may withdraw your tender of outstanding notes at any time before the expiration date of the exchange offer by delivering a written notice of your withdrawal to the exchange agent. You must also follow the withdrawal procedures that are described under "The Exchange Offer Withdrawal of Tenders."

Resales of Exchange Notes

We believe that you will be able to offer for resale, resell or otherwise transfer exchange notes issued in the exchange offer without compliance with the registration and prospectus delivery provisions of the federal securities laws, provided that:

- you are acquiring the exchange notes in the ordinary course of business;
- you are not participating, and have no arrangement or understanding with any person to participate, in the distribution of the exchange notes; and
- you are not an affiliate of Georgia Gulf. An affiliate of Georgia Gulf is a person that "controls or is controlled by or is under common control with" Georgia Gulf.

Our belief is based on interpretations by the Staff of the Securities and Exchange Commission, as set forth in no-action letters issued to third parties unrelated to us. The Staff has not considered this exchange offer in the context of a no action letter, and we cannot assure you that the Staff would make a similar determination with respect to this exchange offer.

If our belief is not accurate and you transfer an exchange note without delivering a prospectus meeting the requirements of the federal securities laws or without an exemption from these laws, you may incur liability under the federal securities laws. We do not and will not assume, or indemnify you against, this liability.

Each broker-dealer that receives exchange notes for its own account in exchange for outstanding notes that were acquired by that broker-dealer as a result of market-making or other trading activities must agree to deliver a prospectus meeting the requirements of the federal securities laws in connection with any resale of the exchange notes. See "The Exchange Offer Resale of the Exchange Notes."

Exchange Agent

The exchange agent for this exchange offer is SunTrust Bank. The address, telephone number and facsimile number of the exchange agent are listed in "The Exchange Offer Exchange Agent" and in the letter of transmittal.

See "The Exchange Offer" for more detailed information about the exchange offer.

The Exchange Notes

The following summary contains basic information about the exchange notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the exchange notes, please refer to the section of this document entitled "Description of Notes." References to "Georgia Gulf," "us," "we" and "our" in this section of the summary refer only to Georgia Gulf Corporation and do not include our subsidiaries.

Issuer	Georgia Gulf Corporation.
Exchange Notes	\$100,000,000 in principal amount of 7 ¹ / ₈ % senior notes due 2013.
Maturity Date	December 15, 2013.
Sinking Fund	None.
Interest	Annual rate: 7.125%. Payment frequency: every six months on June 15 and December 15. First payment: June 15, 2004.

Optional Redemption	On or after December 15, 2008, we may redeem some or all of the notes, including both the outstanding notes and exchange notes, at the redemption prices listed in the section entitled "Description of the Notes - Optional Redemption." We may not redeem the notes before December 15, 2008, except that at any time on or before December 15, 2006, we may redeem up to \$35 million of the notes with the proceeds of offerings of common equity at a redemption price equal to 107.125%, together with accrued and unpaid interest, so long as \$65 million of the notes remains outstanding after each permitted redemption made with equity proceeds.
Change of Control	Upon the occurrence of a change of control, you will have the right to require us to repurchase all or a portion of your exchange notes at a price equal to 101% of the principal amount, together with any accrued and unpaid interest to the date of purchase.
Guarantees	The exchange notes will be guaranteed by each of our existing and future restricted subsidiaries that have guaranteed, and will in the future guarantee, indebtedness under our senior credit facility. The exchange notes and the guarantees will be unsecured senior debt.
Ranking	<p>The exchange notes will rank equally in right of payment with all of our existing and future senior debt (without giving effect to collateral arrangements) and senior to all of our existing and future subordinated debt. The guarantees of the exchange notes will rank equally in right of payment with all senior debt (without giving effect to collateral arrangements) and senior to all subordinated debt of the subsidiary guarantors.</p> <p>At March 31, 2004, we and our subsidiaries collectively had \$327.5 million of senior debt with which the notes rank equally.</p> <p>All of such debt is, and any additional borrowings under our senior credit facility will be, secured by the grant of security interests in our assets and the assets of our various subsidiaries. The notes are not so secured.</p> <p>The indenture relating to the notes permits us and our subsidiaries to incur a significant amount of additional senior debt.</p>
Specified Covenants	<p>The indenture governing the notes contains covenants that, among other things, limit our ability and the ability of our subsidiaries to:</p> <ul style="list-style-type: none"> borrow money; pay dividends on stock, redeem stock or redeem subordinated debt; make investments; use assets as security in other transactions; sell assets;

sell capital stock of subsidiaries;
guarantee other indebtedness;
enter into agreements that restrict dividends from subsidiaries;
merge or consolidate;
enter into transactions with affiliates; and
enter different lines of business.

Use of Proceeds

We will not receive any cash proceeds from the issuance of the exchange notes in the exchange offer.

Risk Factors

Before investing in the notes, you should carefully consider the information under the caption "Risk Factors" and all other information included in or incorporated by reference into this prospectus.

FIVE-YEAR SELECTED FINANCIAL DATA

The following table shows selected financial data of Georgia Gulf for each of the five years in the period ended December 31, 2003. The data for the years ended December 31, 2001, 2002 and 2003 are derived from the audited consolidated financial statements of Georgia Gulf for such years, which are incorporated by reference into this prospectus. The data for the three year period ended December 31, 2001 are derived from the consolidated financial statements of Georgia Gulf for such years, which have been audited by Arthur Andersen LLP, independent auditors, and are also incorporated by reference into this prospectus. Arthur Andersen LLP has ceased operations. See "Risk Factors Risks Relating to Arthur Andersen LLP's Lack of Consent." The data for the three months ended March 31, 2003 and 2004 have been derived from the unaudited consolidated financial statements of Georgia Gulf, which are incorporated by reference into this prospectus and include all adjustments, consisting only of normal recurring accruals that management considers necessary for the fair presentation of the consolidated financial position and results of operations for these periods. You should not consider the results for the three month periods to be indicative of full year results. The data presented below should be read in conjunction with the financial statements and related notes incorporated by reference into this prospectus.

	Year Ended December 31,					Three Months Ended March 31,	
	1999	2000	2001	2002	2003	2003	2004
Results of Operations Data:*							
Net sales	\$ 908,974	\$ 1,581,653	\$ 1,205,896	\$ 1,230,751	\$ 1,444,483	\$ 364,010	\$ 496,687
Cost of sales	765,323	1,367,986	1,125,439	1,086,746	1,319,094	342,826	445,787
Selling, general and administrative expenses	40,845	45,634	44,665	45,685	55,691	13,907	14,771
Asset write-off and other related charges(1)			5,438				
Operating income	102,806	168,033	30,354	98,320	69,698	7,277	36,129
Interest expense	(34,978)	(67,971)	(57,500)	(49,739)	(38,195)	(9,899)	(6,272)
Cost related to early retirement of debt					(13,816)		
Interest income	141	230	185	160	53	7	4
Income (loss) from continuing operations before taxes	67,969	100,292	(26,961)	48,741	17,740	(2,615)	29,861
Provision (benefit) for income taxes(2)	24,808	36,112	(14,918)	17,546	5,245	(941)	11,123
Income (loss) from continuing operations	43,161	64,180	(12,043)	31,195	12,495	(1,674)	18,738
Loss from discontinued operation, net of tax	(2,525)						
Loss on disposal of discontinued operation, net of tax	(7,631)						
Net income (loss)	\$ 33,005	\$ 64,180	\$ (12,043)	\$ 31,195	\$ 12,495	\$ (1,674)	\$ 18,738
Basic earnings (loss) per share from continuing operations	\$ 1.39	\$ 2.04	\$ (0.38)	\$ 0.98	\$ 0.39	\$ (.05)	\$ 0.57
Diluted earnings (loss) per share from continuing operations	1.38	2.03	(0.38)	0.97	0.38	(.05)	0.57
Dividends per common share	0.32	0.32	0.32	0.32	0.32	0.32	0.32
Other Financial Data:							
Ratio of earnings to fixed charges	2.4x	2.3x	(3)	1.8x	1.4x	(3)	4.7x

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Balance Sheet Data:

Working capital	\$	90,810	\$	94,906	\$	87,560	\$	57,996	\$	65,742	\$	88,737	\$	94,108
Property, plant and equipment, net		634,450		592,665		537,506		493,494		460,808		484,392		452,094
Total assets		1,102,822		1,046,609		942,821		875,559		856,785		929,642		918,990
Total debt		771,194		632,335		624,092		476,986		427,872		503,686		427,472

*

Our results include the impact of the acquisition of the vinyls business of CONDEA Vista Company (now Sasol North America, Inc.) in November 1999, the shutdown of a vinyl compounds plant in August 2000 and a sodium chlorate plant in the third quarter of 2002, the discontinuance of our methanol business in 1999 and the idling of our Pasadena, Texas phenol/acetone plant in the second quarter of 2002.

- (1) In December 2001, we wrote off the sodium chlorate plant to reduce the carrying amount to its fair value. In addition to the impairment-related charges of \$4.9 million, we accrued \$0.5 million for post-closure related items.
- (2) Provision (benefit) for income taxes for 2003 and 2001 include the effect of the favorable settlement of tax audits.
- (3) For the year ended December 31, 2001 and the three months ended March 31, 2003, our earnings were insufficient to cover fixed charges by \$28.0 million and \$2.7 million, respectively.

RISK FACTORS

Risk Factors Relating to Georgia Gulf

The chemical industry is cyclical and volatile, which affects our profitability. Our industry experiences alternating periods of tight supply and overcapacity.

Our historical operating results tend to reflect the cyclical and volatile nature of the chemical industry. Historically, periods of tight supply have resulted in increased prices and profit margins and have been followed by periods of substantial capacity addition, resulting in oversupply and declining prices and profit margins. As a result of changes in demand for our products, our earnings fluctuate significantly, not only from year to year but also from quarter to quarter. Capacity expansions or the announcement of these expansions have generally led to a decline in the pricing of our products in the affected product line. We cannot assure you that future growth in product demand will be sufficient to utilize any additional capacity.

Natural gas and raw materials costs and other external factors beyond our control can cause wide fluctuations in our margins.

The cost of our natural gas and raw materials and other costs may not correlate with changes in the prices we receive for our products, either in the direction of the price change or in absolute magnitude. Natural gas and raw materials costs represent a substantial part of our manufacturing costs. Most of the raw materials we use are commodities and the price of each can fluctuate widely for a variety of reasons, including changes in availability because of major capacity additions or significant facility operating problems. Other external factors beyond our control can cause volatility in raw materials prices, demand for our products, product prices, sales volumes and margins. These factors include general economic conditions, the level of business activity in the industries that use our 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 our business. A number of our products are highly dependent on markets that are particularly cyclical, such as the construction, paper and pulp, and automotive markets.

The cyclical nature and volatility of the chemical industry affects our capacity utilization and causes fluctuations in our results of operations.

The operating rates at our facilities will impact the comparison of period-to-period results. Different facilities may have differing operating rates from period to period depending on many factors, such as feedstock costs, transportation costs, and supply and demand for the product produced at the facility during that period. As a result, individual facilities may be operated below or above rated capacities in any period. We 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. The expenses of the shutdown and restart of facilities may adversely affect quarterly 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.

The chemical industry is highly competitive, with some of our competitors having greater financial resources than we have; competition may adversely affect our results of operations.

The chemical industry is highly competitive; we compete with many chemical companies, a substantial number of whom are larger and have greater financial resources than Georgia Gulf. Moreover, barriers to entry, other than capital availability, are low in most product segments of our business. Capacity additions or technological advances by existing or future competitors also create greater competition, particularly in pricing. We cannot assure you we will have access to the financing

necessary to upgrade our facilities in response to technological advances or other competitive developments.

Extensive environmental, health and safety laws and regulations impact our operations and assets; compliance with these regulations could adversely affect our results of operations.

Our operations on and ownership of real property are subject to extensive environmental, health and safety regulation at both the national and local level. The nature of the chemical industry exposes Georgia Gulf to risks of liability under these laws and regulations due to the production, storage, transportation and sale of materials that can cause contamination or personal injury if released into the environment. Environmental laws may have a significant effect on the costs of transportation and storage of raw materials and finished products, as well as the costs of the storage and disposal of wastes. We may incur substantial costs, including fines, damages, criminal or civil sanctions, remediation costs, or experience interruptions in our operations for violations arising under these laws.

Also, Superfund statutes may impose joint and several liability for the cost of investigations and remedial actions on any company that generated the waste, arranged for disposal of the waste, transported the waste to the disposal site, selected the disposal site, or presently or formerly owned, leased or operated the disposal site or a site otherwise contaminated by hazardous substances. Any or all of the responsible parties may be required to bear all of the costs of cleanup, regardless of fault, legality of the original disposal or ownership of the disposal site. A number of environmental liabilities have been associated with the facilities at Lake Charles, Louisiana and Mansfield, Massachusetts that we acquired or leased as part of the acquisition of the vinyls business of CONDEA Vista Company and which may be designated as Superfund sites. Any or all responsible parties, including us, may be required to bear all of the costs of cleanup regardless of fault, legality of the original disposal, or ownership of the disposal site. Although CONDEA Vista retained substantially all financial responsibility for environmental liabilities that relate to the facilities we acquired from them and which arose before the closing of that acquisition in 1999, we cannot assure you 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 do so, then we could be held responsible.

Our policy is to accrue costs relating to environmental matters when it is probable that these costs will be required and can be reasonably estimated. However, estimated costs for future environmental compliance and remediation may be too low or we may not be able to quantify the potential costs. We expect to continue to be subject to increasingly stringent environmental and health and safety laws and regulations. It is difficult to predict the future interpretation and development of these laws and regulations or their impact on our future earnings and operations. We anticipate that compliance will continue to require increased capital expenditures and operating costs. Any increase in these costs could adversely affect our financial performance.

Hazards associated with chemical manufacturing may occur, which would adversely affect our results of operations.

The usual hazards associated with chemical manufacturing and the related storage and transportation of raw materials, products and wastes may occur in Georgia Gulf's operations. These hazards could lead to an interruption or suspension of operations and have an adverse effect on the productivity and profitability of a particular manufacturing facility or on Georgia Gulf as a whole. These hazards include:

pipeline and storage tank leaks and ruptures;

explosions and fires;

terrorist acts;

inclement weather and natural disasters;

mechanical failure;

unscheduled downtime;

labor difficulties;

transportation interruptions;

remediation complications; and

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

These hazards may cause personal injury and loss of life, severe damage to or destruction of property and equipment, and environmental damage; any of these could lead to claims under the environmental laws. In addition, individuals could seek damages for alleged personal injury or property damage due to exposure to chemicals at our facilities or to chemicals otherwise owned or controlled by Georgia Gulf. Furthermore, Georgia Gulf is also subject to present and future claims with respect to workplace exposure, workers' compensation and other matters. Although we maintain property, business interruption and casualty insurance of the types and in the amounts that we believe are customary for the industry, we are not fully insured against all potential hazards incident to our business.

We rely heavily on third party transportation, which subjects us to risks that we cannot control; these risks may adversely affect our operations.

We rely heavily on railroads and shipping companies to transport raw materials to our manufacturing facilities and to ship finished product to our customers. Rail and shipping operations are subject to various hazards, including extreme weather conditions, work stoppages and operating hazards. If we are delayed or unable to ship finished product or unable to obtain raw materials as a result of the railroads' or shipping companies' failure to operate properly, or if there were significant changes in the cost of these services, we may not be able to arrange efficient alternatives and timely means to obtain raw materials or ship our goods, which could result in an adverse effect on our revenues and costs of operations.

We have a substantial amount of indebtedness, which could limit our business and operations.

At March 31, 2004, we had approximately \$427.5 million of indebtedness outstanding. As a result, Georgia Gulf is highly leveraged. This high level of indebtedness could have important consequences to our operations, including:

we may have difficulty borrowing money in the future for working capital, capital expenditures, acquisitions or other purposes;

we will need to use a large portion of our available cash for debt service, which will reduce the amount of money available to finance our operations and other business activities;

some of our debt, including the debt under our senior credit facility, has variable rates of interest, which exposes us to the risk of increased interest rates; and

we may have a much higher level of debt than some of our competitors, which may put us at a competitive disadvantage; make us more vulnerable to economic downturns and adverse developments in our business; and reduce our flexibility in

responding to changing business and economic conditions.

We expect to obtain the money to pay our expenses and to pay principal and interest on our debt from our cash flows and from additional loans under our revolving credit facility. Our ability to meet these requirements will depend on our future financial performance. We cannot be sure that our cash flows will be sufficient to allow us to pay principal and interest on our debt as well as meet our other obligations. If we do not have enough money to do so, we may be required to refinance all or part of our debt, sell assets or borrow more money. We cannot assure you that we will be able to do so on commercially reasonable terms, if at all. In addition, the terms of our existing or future debt agreements, including our senior credit facility and the indenture related to the notes, may restrict us from pursuing any of these alternatives.

We may encounter difficulties in integrating the assets of businesses we acquire, which may adversely affect our results of operations.

We cannot be sure that we will be able to successfully integrate any acquisitions into our operations without substantial costs, delays or other problems. The integration of any business we acquire may be disruptive to our business and may result in a significant diversion of management attention and operational resources. In addition, we may suffer a loss of key employees, customers or suppliers, loss of revenues, increases in costs or other difficulties.

Our participation in joint ventures exposes us to risks of shared control.

As part of the vinyls business we acquired from CONDEA Vista Company, we purchased a 50 percent interest in a manufacturing joint venture, the remainder of which is controlled by PPG Industries, Inc., which also supplies chlorine to the facility operated by the joint venture. We may enter into additional joint ventures in the future. The nature of a joint venture requires us to share control with unaffiliated third parties. If our joint venture partners do not fulfill their obligations, the affected joint venture may not be able to operate according to its business plan. In that case, our operations may be adversely affected or we may be required to increase our level of commitment to the joint venture. Also, differences in views among joint venture participants may result in delayed decisions or failures to agree on major issues. Any differences in our views or problems with respect to the operations of our joint ventures could have a material adverse effect on our business, financial condition, results of operations or cash flows.

We rely on outside suppliers for specified feedstocks and services.

In connection with our acquisition of the vinyls business of CONDEA Vista Company, we entered into agreements with CONDEA Vista to provide specified feedstocks for the Lake Charles facility. Moreover, 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 those agreements could adversely affect the operation of the affected facilities and our results of operations. The agreements relating to these feedstocks and services had initial terms of one to ten years. Although most of these agreements provide for automatic renewal, they may be terminated after specified notice periods. If we were required to obtain an alternate source for these feedstocks or services, we may not be able to obtain pricing on as favorable terms. Additionally, we 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.

We also obtain a significant portion of our other raw materials from a few key suppliers. If any of these suppliers is unable to meet its obligations under present supply agreements, we 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 an adverse effect on our business and results of operations.

Sales made in international markets expose us to risks that may adversely affect our operations or financial condition.

During 2003, 12 percent of our revenues were generated in international markets. Substantially all of our international sales are made in U.S. dollars and, as a result, any increase in the value of the U.S. dollar relative to foreign currencies will increase the effective price of our products in international markets. Our international sales are also subject to other risks, including differing and changing legal and regulatory requirements in local jurisdictions; export duties and import quotas; domestic and foreign customs and tariffs or other trade barriers; potentially adverse tax consequences, including withholding taxes or taxes on other remittances; and foreign exchange restrictions. We cannot assure you that these factors will not have an adverse effect on our financial condition or results of operations.

Our senior credit facility and the indenture for the notes impose significant operating and financial restrictions, which may prevent us from capitalizing on business opportunities and taking some actions.

The terms of our senior credit facility and the indenture for the notes impose significant operating and financial restrictions on us. These restrictions will limit our ability to:

incur additional indebtedness and liens;

make capital expenditures;

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

make payments of dividends and other distributions;

purchase Georgia Gulf stock;

use the proceeds of the sale of specified assets;

engage in business activities unrelated to our current business;

enter into transactions with affiliates; or

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

In addition, our senior credit facility also requires us to maintain specified financial ratios. We cannot assure you that these covenants will not adversely affect our ability to finance our future operations or capital needs or to pursue available business opportunities. 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 immediately due and payable and proceed against any collateral securing that indebtedness. In addition, any acceleration of indebtedness under our senior credit facility will constitute a default under some of our other indebtedness.

The conviction of our former independent auditors, Arthur Andersen LLP, on federal obstruction of justice charges may adversely affect Arthur Andersen LLP's ability to satisfy any claims arising from the provision of auditing services to us and may impede our access to the capital markets.

Arthur Andersen LLP, which audited our financial statements for the year ended December 31, 2001, was indicted in March 2002 on federal obstruction of justice charges arising from the government's investigation of Enron Corporation. Arthur Andersen LLP was tried on such charges by a jury and found guilty on June 15, 2002. In light of the jury verdict and the underlying events, Arthur Andersen LLP stopped practicing before the Securities and Exchange Commission. The Securities and Exchange Commission has stated that, for the time being subject to certain conditions, it will continue accepting financial statements audited by Arthur Andersen LLP. Events arising out of the conviction

may adversely affect the ability of Arthur Andersen LLP to satisfy any claims arising from its provision of auditing services to us, including claims that could arise out of Arthur Andersen LLP's audit of our financial statements included in our periodic reports, prospectuses or registration statements filed with the Securities and Exchange Commission.

Should we seek to access the public capital markets, Securities and Exchange Commission rules will require us to include or incorporate by reference in any prospectus three years of audited financial statements. The Securities and Exchange Commission's current rules would require us to present audited financial statements for 2001 audited by Arthur Andersen LLP. Since we could not obtain a consent by Arthur Andersen LLP to inclusion of our financial statements for 2001, neither we nor any underwriters would have the same level of protection under the securities laws as would otherwise be the case. Any delay or inability to access the public capital markets caused by these circumstances could have a material adverse effect on our business and growth prospects.

Risk Factors Relating to the Notes

If we do not receive dividends or other distributions from our subsidiaries, we may not be able to make payments on the notes.

Substantially all of our properties are owned by, and substantially all of our operations are conducted through, our subsidiaries. As a result, we depend on dividends and other payments from our subsidiaries to satisfy our financial obligations and make payments to our investors. The ability of our subsidiaries to pay dividends and make other payments to us is subject to restrictions. In a bankruptcy, liquidation or reorganization or similar proceeding relating to a subsidiary, the creditors of that subsidiary will generally be entitled to be paid in full before any distribution may be made to us. In addition, under our senior credit facility, our subsidiaries are restricted in their ability to make distributions to us if a default or event of default exists or is caused by the distribution, or if such distribution exceeds specified amounts, although we will be able to cause our subsidiaries to pay dividends to us to service the semi-annual interest payments under the notes. The ability of a subsidiary to pay dividends to us may also be limited by the laws of its jurisdiction of organization which limi