GEORGIA GULF CORP /DE/
Form DEF 14A
April 17, 2009

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

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

ý Definitive Proxy Statement

o Definitive Additional Materials

o 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):

ý No fee required.

o 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:

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o Fee paid previously with preliminary materials.

o 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:

GEORGIA GULF CORPORATION

115 Perimeter Center Place
Suite 460
Atlanta, Georgia 30346

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 19, 2009

To the Stockholders:

The Annual Meeting of Stockholders of Georgia Gulf Corporation will be held in the Conference Center at the South Terraces, 115 Perimeter Center Place, Atlanta, Georgia 30346, on May 19, 2009 at 1:30 p.m. local time for the following purposes:

(1) to elect three directors to serve for a term of three years;

(2) to (a) authorize the Board of Directors of the Company to effect, in its discretion prior to December 31, 2009, a reverse stock split of the outstanding and treasury Common Stock, par value $0.01, of the Company, at a reverse stock split ratio ranging from 1-for-5 to 1-for-30, as determined by the Board of Directors, and (b) approve a corresponding amendment to the Company's Certificate of Incorporation, in substantially the form attached to the accompanying Proxy Statement as Annex A, to effect the reverse stock split and to reduce proportionately the total number of shares of Common Stock that the Company is authorized to issue, subject to the Board of Directors' authority to abandon such amendment;

(3) to ratify the appointment of Deloitte & Touche LLP to serve as Georgia Gulf's independent registered public accounting firm for the year ending December 31, 2009;

(4) to consider a stockholder proposal to request that the Board of Directors take the necessary steps to declassify the Board of Directors, if presented at the meeting; and

(5) to transact any other business as may properly come before the meeting.

The Board of Directors has fixed the close of business on March 26, 2009, as the record date for the determination of stockholders entitled to notice of and to vote at the meeting. Please vote before the annual meeting in one of the following ways:

(1) use the toll-free number shown on your proxy card;

(2) visit the website shown on your proxy card to vote via the Internet; or

(3) complete, sign, date and return the enclosed proxy card in the enclosed postage-paid envelope.

You are cordially invited to attend the meeting. However, whether or not you plan to be personally present at the meeting, please complete, date and sign the enclosed proxy and return it promptly in the enclosed postage prepaid envelope.

Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting to be Held on May 19, 2009

The proxy statement and 2008 annual report to stockholders are available at www.edocumentview.com/GGC2009.

By Order of the Board of Directors

Joel I. Beerman
Vice President, General Counsel
and Secretary

Dated: April 17, 2009

GEORGIA GULF CORPORATION

115 Perimeter Center Place
Suite 460
Atlanta, Georgia 30346

PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 19, 2009

GENERAL

This proxy statement and the accompanying form of proxy are being furnished to the stockholders of Georgia Gulf Corporation on or about April 17, 2009 in connection with the solicitation of proxies by our Board of Directors for use at the annual meeting of stockholders to be held on May 19, 2009 at 1:30 p.m. local time in the Conference Center at the South Terraces, 115 Perimeter Center Place, Atlanta, Georgia 30346, and any adjournment of the meeting. You may revoke your proxy at any time before it is voted at the annual meeting by:

(1) voting over the telephone or Internet if eligible to do so your latest dated vote before the annual meeting will be the vote counted;

(2) delivering to our Corporate Secretary a signed notice of revocation or a new proxy card with a later date; or

(3) voting in person at the annual meeting.

The enclosed proxy card provides instructions for eligible stockholders. Stockholders not wishing to vote through the Internet or by telephone or whose proxy card does not mention information about Internet or telephone voting should complete the enclosed paper proxy card and return it in the enclosed postage-paid envelope. Signing and returning the proxy card or submitting the proxy via the Internet or by telephone does not affect your right to revoke your proxy or to vote in person at the annual meeting.

If your shares are held in "street name" by a broker or other nominee, you should check the voting form used by that firm to determine whether you may provide voting instructions to the broker or other nominee by telephone or the Internet.

Unless otherwise specified, all shares represented by effective proxies will be voted in favor of:

- election of the three nominees as directors;

- (a) authorization of the Board of Directors of the Company to effect, in its discretion prior to December 31, 2009, a reverse stock split of the outstanding and treasury Common Stock, par value $0.01, of the Company, at a reverse stock split ratio ranging from 1-for-5 to 1-for-30, as determined by the Board of Directors, and (b) approval of a corresponding amendment to the Company's Certificate of Incorporation (the "Certificate"), in substantially the form attached to the accompanying Proxy Statement as Annex A, to effect the reverse stock split and to reduce proportionately the total number of shares of Common Stock that the Company is authorized to issue, subject to the Board of Directors' authority to abandon such amendment; and

- ratification of the appointment of Deloitte & Touche LLP to serve as our independent registered public accounting firm for the year ending December 31, 2009;

Unless otherwise specified, all shares represented by effective proxies will be voted against the stockholder proposal to request that the Board of Directors take the necessary steps to declassify the Board of Directors.

Our Board of Directors does not know of any other business to be brought before the meeting, but if any other business is properly brought before the meeting, proxies will be voted upon those matters in accordance with the judgment of the person or persons acting under the proxies.

We will pay the cost of soliciting proxies. In addition to use of the mails, proxies may be solicited in person or by telephone or facsimile by our directors and officers, who will not receive additional compensation for these services. We have retained Laurel Hill Advisory Group, LLC to assist in the solicitation of proxies for a fee not to exceed $6,500, plus reasonable out of pocket expenses. Brokerage houses, nominees, custodians and fiduciaries will be requested to forward soliciting material to beneficial owners of stock held of record by them, and we will reimburse those persons for their reasonable expenses in doing so.

Only holders of record of outstanding shares of common stock of Georgia Gulf at the close of business on March 26, 2009 are entitled to notice of, and to vote at, the meeting. Each stockholder is entitled to one vote for each share of common stock held on the record date. There were 34,628,589 shares of common stock outstanding and entitled to vote on March 26, 2009.

When the holders of at least 50% of the common stock, referred to as a quorum, are represented at the meeting, the vote of the holders of a majority of the common stock present in person or represented by proxy will decide the action proposed on each matter identified in this proxy statement except (i) the election of directors, who are elected by a plurality of votes cast and (ii) the reverse stock split and corresponding amendment to our certificate of incorporation which requires approval by holders of a majority of the common stock outstanding. Abstentions and broker "non-votes" will be counted as present in determining whether the quorum requirement is satisfied. A "non-vote" occurs when a nominee holding shares for a beneficial owner votes on one proposal pursuant to discretionary authority or instructions from the beneficial owner, but does not vote on another proposal because the nominee has not received instruction from the beneficial owner and does not have discretionary power. The aggregate number of votes entitled to be cast by all stockholders present in person or represented by proxy at the meeting, whether those stockholders vote for or against the proposals or abstain from voting, will be counted for purposes of determining the minimum number of affirmative votes required for approval of the proposals, and the total number of votes cast for each of these proposals will be counted for purposes of determining whether sufficient affirmative votes have been cast. An abstention from voting by a stockholder on a proposal has the same effect as a vote against the proposal. Broker "non-votes" are not counted for purposes of determining whether a proposal has been approved.

To attend the meeting, you will need to bring an admission ticket (or legal proxy) and valid picture identification. If your shares are registered in your name and you received proxy materials by mail, your admission ticket is attached to your proxy card. If you hold shares through an account with a bank or broker, you will need to contact your bank or broker and request a legal proxy, which will serve as your admission ticket. Cell phones must be turned off prior to entering the meeting. Cameras and video, audio or any other electronic recording devices will not be allowed in the meeting room during the annual meeting, other than for Georgia Gulf Corporation purposes.

PROPOSAL I ELECTION OF DIRECTORS

Our Certificate provides that the Board of Directors be divided into three classes, each consisting, as nearly as possible, of one-third of the total number of directors constituting the Board of Directors, with each class to serve for a term of three years. The following nominees, each of whom is an incumbent Class I director, are proposed for election in Class I, to serve until 2012:

Paul D. Carrico

Dennis M. Chorba

Patrick J. Fleming

Unless instructed otherwise, the proxies will be voted for the election of the three nominees named above. If a nominee is unable to serve, proxies may be voted for a substitute nominee selected by the Board of Directors.

Nominees for Election in Class I on May 19, 2009

Paul D. Carrico, age 58, has been a director and has served as our president and chief executive officer since February 2008. Prior thereto, 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 the Company, until May 2005. The Board of Directors acted to cause Mr. Carrico to be reclassified from a Class II director to a Class I director in December 2008, so that our classes of directors would be of approximately equal size.

Dennis M. Chorba, age 68, served as our vice president administration from February 1992 until his retirement in March 1994. Mr. Chorba has served as a director since February 1994.

Patrick J. Fleming, age 65, has served as a director since February 2000 and was elected non-executive chairman of the Board of Directors effective February 14, 2008. Mr. Fleming has been an energy consultant since retiring from Texaco Inc. in January 2000. In 1998 and 1999, he was 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.

Class II Directors Serving Until 2010

Jerry R. Satrum, age 64, served as our chief executive officer from February 1991 until his retirement in April 1998, and served as president from May 1989 until December 1997. Mr. Satrum has been a director since our inception. Mr. Satrum is also a director of Cytec Industries, Inc.

Yoshi Kawashima, age 73, has served as a director since May 2003. Since July 2002, Mr. Kawashima has been president of YK Resources, an executive search firm. From 1999 to February 2002, Mr. Kawashima was chairman and chief executive officer of Reichhold, Inc., and from 1999 to June 2002, he was chairman and chief executive officer of DIC Imaging Products USA, Inc.

Class III Directors Serving Until 2011

Charles L. Henry, age 67, has served as a director since May 2003. Mr. Henry retired as chairman and chief executive officer of Johns Manville Corporation in June 2004. He was executive vice president and chief financial officer of DuPont from 1993 to 1996. Mr. Henry is a director of Lennox, International and MWH Global.

Wayne C. Sales, age 59, has served as a director since September 2007. He was president and chief executive officer of Canadian Tire Corporation from 2000 to June 30, 2006 and also served as vice chairman from 2006 to June 30, 2007. Mr. Sales is a director of SUPERVALU, Inc., Tim Hortons, Inc. and Discovery Air.

Independence of Directors; Corporate Governance Guidelines

Georgia Gulf's Corporate Governance Guidelines require that a majority of our directors meet the independence standards of applicable law and the New York Stock Exchange listing requirements. The Board of Directors has determined that Messrs. Chorba, Fleming, Henry, Kawashima, Sales and Satrum meet these standards for independence and are independent of management, as were John E. Akitt who retired in November 2008 and Clarence E. Terry who served as a director from May 2008 until March 2009. Our Corporate Governance Guidelines, as well as our Code of Business Ethics, are publicly available on our website at *www.ggc.com* under investor relations or available in print to any stockholder by contacting Investor Relations, Georgia Gulf Corporation at 115 Perimeter Center Place, Atlanta, Georgia 30346 or by phone (770) 395-4500.

Executive Sessions

Georgia Gulf's governance guidelines require that non-employee directors meet at regularly scheduled executive sessions without management. Prior to February 2008, when Mr. Fleming was elected chairman of the Board of Directors, these directors appointed a presiding director at the beginning of each executive session. Stockholders may communicate with these directors in the manner described under "Communications with Directors" below.

Compensation of Directors

Prior to 2008, our directors who were not executive officers were paid an annual fee and attendance fees, and were reimbursed for travel expenses. For 2008, the Board of Directors decided not to pay any such fees, other than an annual fee of $80,000 to our non-employee chairman of the Board but continued to reimburse travel expenses. The Board has decided to reinstate payment of an annual fee and attendance fees for 2009, at $40,000 and $1,500, respectively. In addition, the Board's non-employee chairman will be paid an additional annual fee of $80,000 for 2009. Non-employee directors are eligible to participate in our 2002 equity and performance incentive plan. Compensation of directors is determined by the Board of Directors following a recommendation by the nominating and governance committee, which is advised by the compensation consultant engaged by the compensation committee.

The table below details compensation provided to directors in 2008, including Mr. Akitt, whose retirement from the Board of Directors was effective November 1, 2008, and Mr. Terry who resigned in March 2009.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)(2)	Option Awards ($)(2)(3)	Total ($)
John E. Akitt		4,576	5,035	9,611
Dennis M. Chorba		4,576	5,035	9,611
Patrick J. Fleming	80,000	4,576	5,035	89,611
Charles L. Henry		4,576	5,035	9,611
Yoshi Kawashima		4,576	5,035	9,611
Wayne C. Sales				
Jerry R. Satrum		4,576	5,035	9,611
Clarence E. Terry				

(1) Reflects the dollar amount, without any reduction for risk of forfeiture, recognized for financial statement reporting purposes of restricted stock or restricted stock units, calculated in accordance

with the provisions of Statement of Financial Accounting Standards No. 123 (revised 2004), "Share Based Payment" ("SFAS 123R"), and thus includes amounts from awards granted in 2008 and in prior years. For additional information regarding the assumptions made in the calculation, see note 14 to the Georgia Gulf consolidated financial statements in the Form 10-K for the year ended December 31, 2008, as filed with the Securities and Exchange Commission, or SEC.

(2)

The following information is as of December 31, 2008:

	Aggregate Number of Outstanding	
Name	**Stock Awards**	**Option Awards**
John E. Akitt		7,053
Dennis M. Chorba	4,583	17,553
Patrick J. Fleming	4,583	14,553
Charles L. Henry	4,583	10,053
Yoshi Kawashima	4,583	10,053
Wayne C. Sales		
Jerry R. Satrum	4,583	17,553
Clarence E. Terry		

(3)

Reflects the dollar amount, without any reduction for risk of forfeiture, recognized for financial statement reporting purposes of grants of options, calculated in accordance with the provisions of SFAS 123R. For additional information regarding the assumptions made in the calculation, see note 14 to the Georgia Gulf consolidated financial statements in the Form 10-K for the year ended December 31, 2008, as filed with the SEC.

The Audit Committee

In 2008, the audit committee of the Board of Directors was comprised of Dennis M. Chorba, Patrick J. Fleming, Charles L. Henry and Jerry R. Satrum. The Board has determined that Mr. Henry and Mr. Satrum each is an "audit committee financial expert" as that term is defined by SEC regulations. The primary functions of the audit committee are to review the adequacy of the system of internal controls and management information systems, to review the results of our independent registered public accounting firm's quarterly reviews of our interim financial statements, and to review the planning and results of the annual audit with our independent registered public accounting firm. This committee held eight meetings in 2008. The audit committee has a written charter, which is publicly available on our website at *www.ggc.com* under investor relations or available in print to any stockholder by contacting Investor Relations, Georgia Gulf Corporation at 115 Perimeter Center Place, Atlanta, Georgia 30346 or by phone (770) 395-4500.

The Compensation Committee

In 2008, the compensation committee of the Board of Directors was comprised of John E. Akitt (until his retirement from the Board of Directors in November 2008), Patrick J. Fleming, Charles L. Henry, Yoshi Kawashima and Wayne C. Sales. This committee's primary functions include overseeing our executive compensation and equity and performance incentive compensation plans and policies. This committee held five meetings in 2008. The compensation committee has a written charter, which is publicly available on our website at *www.ggc.com* under investor relations or available in print to any stockholder by contacting Investor Relations, Georgia Gulf Corporation at 115 Perimeter Center Place, Atlanta, Georgia 30346 or by phone (770) 395-4500. The committee has the authority to retain compensation consultants. For additional information regarding the processes and procedures for consideration and determination of executive compensation, see "Executive Compensation Compensation Discussion and Analysis."

The Nominating and Governance Committee

In 2008, the nominating and governance committee was comprised of John E. Akitt (until his retirement from the Board of Directors in November 2008), Dennis M. Chorba, Charles L. Henry, Yoshi Kawashima and Clarence E. Terry, who joined the committee in May 2008 and served until his resignation in March 2009. All committee members are currently independent as defined by the Listed Company Manual of the New York Stock Exchange. This committee's primary function is to identify and recommend candidates to fill any Board vacancies. This committee held two meetings in 2008. The nominating and governance committee has a written charter, which is publicly available on our website at *www.ggc.com* under investor relations or available in print to any stockholder by contacting Investor Relations, Georgia Gulf Corporation at 115 Perimeter Center Place, Atlanta, Georgia 30346 or by phone (770) 395-4500.

The committee selects candidates based on their character, judgment, business experience and specific areas of expertise, among other relevant considerations, such as the requirements of applicable law and listing standards. The selection process may emphasize different qualities based on the Board's composition at the time of the Board vacancy. The committee works closely with executive management and other directors in developing its recommendations for new Board members. The committee has the authority to retain an executive search firm as needed to identify director candidates.

The committee will consider nominees recommended by stockholders. Any recommendation should be addressed in writing to the Nominating and Governance Committee, c/o the Corporate Secretary, 115 Perimeter Center Place, Suite 460, Atlanta, Georgia 30346.

Communications with Directors

Any stockholder or interested party is welcome to communicate with the chairman of the Board, any other director, the non-management directors as a group or the Board of Directors by writing to the directors or the Board, c/o the Corporate Secretary, 115 Perimeter Center Place, Suite 460, Atlanta, Georgia 30346.

Attendance

The Board of Directors held eleven meetings in 2008. All incumbent directors attended no fewer than 75% of the aggregate number of meetings of the Board and the committees on which they served during 2008. Georgia Gulf encourages its directors to attend its annual stockholders' meeting. In 2008, seven directors attended the annual meeting. None of our directors or executive officers is related to any of our other directors or executive officers.

Review of Related Party Transactions

While we did not have any related party transactions with our executive officers, directors, 5% or greater stockholders or their immediate family members in 2008, and we do not have a written policy regarding such matters, in the event such a transaction is proposed in the future, we would refer the matter to our audit committee for approval or disapproval.

SECURITY OWNERSHIP OF PRINCIPAL STOCKHOLDERS AND MANAGEMENT

The following table lists information as of March 26, 2009 about the number of shares owned by each director, each executive officer listed on the summary compensation table included later in this proxy statement, and all of our directors and executive officers as a group and each person or group known by us to own more than 5% of our stock. The address of each of our directors and executive officers is c/o Corporate Secretary, Georgia Gulf Corporation, 115 Perimeter Center Place, Suite 460, Atlanta, Georgia 30346.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class(1)
Edward A. Schmitt(2)	1,020,839(3)	2.95%
Jerry R. Satrum	699,290(4)	2.01%
Dennis M. Chorba	580,461(5)	1.68%
Paul D. Carrico	265,462(6)	*
Mark J. Seal	254,086(7)	*
Joel I. Beerman	217,476(8)	*
William H. Doherty	194,103(9)	*
Gregory C. Thompson	99,386(10)	*
Mark E. Buckis	48,318(11)	*
Patrick J. Fleming	24,136(12)	*
Charles L. Henry	14,636(13)	*
Yoshi Kawashima	14,636(14)	*
Wayne C. Sales		
Clarence E. Terry		
All directors and executive officers as group (16 persons)	3,794,121(15)	10.96%
SCSF Equities, LLC Sun Capital Securities Offshore Fund, Ltd. Sun Capital Securities Fund, LP Sun Capital Securities Advisors, LP Sun Capital Securities, LLC Marc J. Leder Rodger R. Krouse 5200 Town Center Circle, Suite 600 Boca Raton FL 33486	4,299,132(16)	12.42%
FMR LLC 82 Devonshire Street Boston, MA 02109	3,644,750(17)	10.52%
Barclays Global Investors, N.A. Barclays Global Fund Advisors Barclays Global Investors, LTD(18) 400 Howard Street San Francisco, CA 94105	1,863,400(19)	5.38%

* Represents less than 1%.

(1) Beneficial ownership as reported in the table has been determined in accordance with the rules of the SEC. Unless otherwise indicated, each person has sole voting and dispositive power with respect to all shares listed opposite his name.

(2)
Mr. Schmitt retired as our Chairman, President and CEO in February 2008.

(3)
Includes 719,970 shares that may be acquired upon exercise of options by Mr. Schmitt.

(4)
Includes 50,000 shares owned by Mr. Satrum's wife; 30,000 shares held in trust for the Satrum Foundation, of which Mr. Satrum serves as trustee; and 16,053 shares that may be acquired upon exercise of options by Mr. Satrum.

(5)
Includes 47,000 shares owned by Mr. Chorba's wife and 16,053 shares that may be acquired upon exercise of options by Mr. Chorba.

(6)
Includes 121,046 shares that may be acquired upon exercise of options by Mr. Carrico.

(7)
Includes 171,271 shares that may be acquired upon exercise of options by Mr. Seal.

(8)
Includes 20,000 shares owned by Mr. Beerman's wife and 137,957 shares that may be acquired upon exercise of options by Mr. Beerman.

(9)
Includes 145,059 shares that may be acquired upon exercise of options by Mr. Doherty.

(10)
Includes 33,875 shares that may be acquired upon exercise of options by Mr. Thompson.

(11)
Includes 28,839 shares that may be acquired upon exercise of options by Mr. Buckis.

(12)
Includes 14,553 shares that may be acquired upon exercise of options by Mr. Fleming.

(13)
Includes 10,053 shares that may be acquired upon exercise of options by Mr. Henry.

(14)
Includes 10,053 shares that may be acquired upon exercise of options by Mr. Kawashima.

(15)
Includes 1,637,596 shares that may be acquired upon exercise of options.

(16)
According to the Schedule 13D dated February 19, 2008, these persons have shared voting power and shared dispositive power with respect to all shares.

(17)
According to the Schedule 13G dated February 16, 2009, FMR LLC has sole dispositive power with respect to all such shares and sole voting power with respect to 23,300 of such shares.

(18)
The address of Barclays Global Investors, LTD is Murray House, 1 Royal Mint Court, London, EC3N 4HH.

(19)
According to the Schedule 13G dated February 6, 2009, these persons have sole voting power with respect to 1,501,196 shares and sole dispositive power with respect to all shares.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers and persons who own more than 10% of our common stock to file reports regarding their beneficial ownership of our common stock. Based solely upon a review of those filings furnished to us and, written representations in the case of our directors and executive officers, we believe all reports required to be filed by Section 16(a) with the SEC were timely filed in 2008, except as follows. A Form 4 was filed late for each of Mr. Buckis and Mr. Satrum regarding one transaction and for Mr. Carrico regarding six transactions. In addition, the initial Form 3 for Mr. Terry was filed late.

EXECUTIVE COMPENSATION

Compensation Committee Report

The compensation committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on that review and discussions, the compensation committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's proxy statement.

Wayne C. Sales, Chairman
Patrick J. Fleming
Charles L. Henry
Yoshi Kawashima

Compensation Discussion and Analysis

The compensation committee of the Board of Directors (referred to in this Compensation Discussion and Analysis as the "Committee") (a) analyzes and recommends to the full Board for approval the level of compensation for the chief executive officer, or CEO; (b) determines the compensation for our other executive officers; and (c) oversees the administration of the executive compensation programs. The Committee is comprised entirely of independent directors and is advised by an independent consultant retained by the Committee.

Summary

Regarding compensation delivered to the CEO and the other executive officers:

- No annual salary increases were awarded in 2008 or 2009, although the CEO received a promotional increase.
- No annual incentive plan payments were made under the 2007 or 2008 annual incentive plans. However, two newly hired executives received guarantees regarding future bonus payments.
- Long-term incentive awards made in 2008 and 2009 were at a level below the 25th percentile of the Company's market references, except for awards made for two newly hired executives.

Executive Compensation Philosophy

The Committee has designed our executive compensation programs with the following guiding principles in mind:

- Performance Based: A substantial portion of the total compensation opportunity varies based upon our operating and financial performance against pre-established goals.
- Alignment: Our compensation programs are designed to align the interests of executive officers with the long-term interests of our stockholders by providing strong incentives to maximize value for our stockholders, while balancing acceptable risks.
- Market Competitive: Our success is heavily dependent on our ability to attract and retain experienced executive officers who are proven leaders and motivate them to consistently deliver operational and financial results. Therefore, our compensation is structured to present an attractive package to our existing executive officers and those we target.

In addition, our compensation programs are designed to reinforce our underlying business strategies and objectives by rewarding successful execution of those strategies.

Executive Compensation Administration

The Committee continually reviews executive compensation to ensure it best reflects our compensation philosophy. The Committee has designed our compensation programs to reward improvement in operating profit, operational excellence, continued service, individual performance, and stockholder returns. Any program changes that are made are driven by the Committee's desire for alignment with stockholder interests and to be consistent with the guiding principles referenced above.

Our Committee evaluates and administers the compensation of our executive officers in a holistic manner, making compensation decisions around program design and pay adjustments in the context of the compensation philosophy, market practices and total compensation objectives. The Committee ordinarily positions the elements of compensation to attract and retain the level of executive talent necessary to deliver sustained performance in a complex, North American manufacturing organization. Market positioning of the individual elements of compensation and benefits, as well as the relationships among these elements, are discussed below. Our compensation programs include significant variable components, based principally on predetermined operating profit measures and the share price of the Company's stock (described further below), that can result in actual compensation realized by an executive that may be more or less than the targeted compensation opportunity in any given year.

For 2008, the target total direct compensation opportunity for executive officers, including salary, target annual bonus and the targeted fair value of equity-based grants for the executive officers was generally positioned to be between the 40th to 60th percentile of the market references below, referred to as the "median range." However, since no bonuses were paid under the Senior Executive Bonus Plan or the Management Incentive Plan for 2008, and the 2008 equity grant fair value of awards were below the 25th percentile of market references (as defined herein), actual total direct compensation for executive officers in 2008 was below the 25th percentile of the market references.

Although it has no formal policy for a specific allocation between current and long-term compensation, or cash and non-cash compensation, the Committee reviews pay mix for executive officers as compared to our market references. The non-cash, long-term compensation is by its nature performance-based and variable, in that awarded equity value is directly tied to the value of the Company's common stock during the relevant period. This serves to align the interests of executive officers with our stockholders. Additionally, the Committee believes equity compensation serves as a retention tool, helping to increase the likelihood that our executive officers will remain with us long-term.

The Committee's independent consultant and advisor is Watson Wyatt, which also provides services to management, including technical advice relating to compensation programs and other matters not related to executive compensation levels. Annually, Watson Wyatt conducts an independent and comprehensive review of our executive compensation program, including periodic reports showing total remuneration for each executive officer, and an evaluation of total compensation and individual pay elements based upon our market references. Specifically, the 2008 review covered the following broad compensation and benefits areas:

- Total Compensation: direct compensation elements such as base salary, annual bonus and long-term incentives and changes in peer group long-term incentive practices of our market references;

- Executive Retirement Benefits: qualified and nonqualified retirement programs, including retirement benefits for executive officers;

- Executive Benefits; and

Termination Scenarios: analysis of current severance and change-in-control arrangements to quantify executive severance benefits and associated Company cost under various termination scenarios (e.g., voluntary termination, involuntary termination, retirement, etc.).

In conducting the market assessment, the Committee used "market references," which consist of a peer group and market data from compensation surveys of other comparably sized companies. A peer group of chemicals and building products companies of similar size and characteristics to Georgia Gulf was used to benchmark compensation for the named executive officers listed in the Summary Compensation Table, which we refer to as our NEOs. These companies included: Acuity Brands, Albemarle Corporation, Cabot Corporation, Chemtura Corporation, Cytec Industries, FMC Corporation, Graphic Packaging Corp., Hercules Incorporated, Louisiana-Pacific Corporation, Lubrizol Corporation, Martin Marietta Materials Incorporated, Olin Corporation, Polyone Corporation, Quanex Building Products, Albemarle, RPM International Incorporated, Universal Forest Products Incorporated, USG Corp., Valspar Corporation, Westlake Chemical Corporation and Worthington Industries.

For the market analysis conducted in the fall of 2007 and used to establish officer compensation opportunities in 2008, Nova Chemicals and Celanese were removed from the peer group based on their revenues size and Acuity Brands and Quanex Building Products were added. For the market analysis conducted in the fall of 2008 and used to establish officer compensation opportunities for 2009, Bowater Incorporated was removed from the peer group as a result of its merger with Abitibi.

The Committee has considered a number of factors in determining structure of the programs and individual compensation awards and payments. The primary factors include the analysis and market data provided by Watson Wyatt and the Committee's guiding principles for program design and operation. In particular, the Committee's compensation decisions have taken into account the executive officers' performance in executing our stated business initiatives. The primary initiatives include the following:

Optimization of the Company's assets and capital structure;

Strategic growth of the business;

Funding and completion of capital projects on schedule and as budgeted;

Utilization of Responsible Care to achieve top performance in Environmental, Health & Safety;

Applying management performance development and succession planning; and

Planning and executing efforts to improve plant reliability/cost reduction.

In addition to formula-driven plans, the Committee retains the discretion to exercise judgment in making decisions to encourage and appropriately reward performance of the management team and individual executive officers. The Committee has the benefit of various tools and analyses that provide a complete profile of each executive officer's current total compensation, the value of realized and unrealized stock awards, retirement benefits, stock ownership and payments due under various termination events.

The Committee determines the appropriate levels and elements of compensation for the CEO after careful consideration of all appropriate factors. The Committee then makes a recommendation on CEO pay to the independent members of the Board for approval. The CEO makes recommendations to the Committee on compensation actions for the other executive officers based on market data from the Company's internal human resources function and Watson Wyatt, and the Committee's philosophy and objectives. The CEO's recommendations are then considered for approval by the Committee, and in some cases are modified by the Committee during the course of its deliberations and with the counsel of its independent compensation consultant.

The following sections describe the various elements of our executive compensation program, including its objectives, market positioning, structure and operation, and other information specific to 2008 payments, awards, and pay actions.

Base Salary

Each executive officer is paid a base salary, which is reviewed annually by the Committee. Salaries for executive officers are generally targeted at the median range of salaries paid by the market references although individual executive officer salaries may be above or below the median range. In making adjustments to salaries, the Committee considers the base salary and total compensation of the market references compiled by Watson Wyatt in the context of the executive officer's role and responsibilities, experience and tenure, individual performance and contribution to the organization's results as recommended to the Committee by the CEO (or by the Committee to the Board in the case of the CEO), internal pay equity, and the overall salary increases for the broader employee population.

Executive officer salaries were reviewed by the Board in December 2007 at which time the Committee decided to award no annual salary increases to executive officers. Upon his promotion to the position of President and CEO in February 2008, the Committee recommended and the Board approved a promotional increase for Mr. Carrico of 101% to an annual rate of $725,000. Mr. Thompson's base salary for 2008 was negotiated in connection with his hiring. The increases for other management and professional employees during 2008 was approximately 3.5%. The 2008 salary levels for the named executive officers are indicated in the Summary Compensation Table on page 17.

Annual Bonuses

Annual bonus opportunities for executive officers are generally targeted at the median range, although individual executive officer bonus opportunities may be above or below the median range.

The Committee and the Board adopted the Senior Executive Bonus Plan during 2003. Our stockholders approved the Senior Executive Bonus Plan at the 2004 Annual Meeting of Stockholders. The purpose of the plan is to enhance Georgia Gulf's ability to compete for and retain highly qualified executive officers and to provide additional financial incentives to those executive officers to promote Georgia Gulf's success. The plan is designed to link the short-term incentive award to the attainment of financial earnings targets during the year. The Committee designed the plan to satisfy the requirements for "performance-based compensation" within the meaning of Section 162(m) of the Internal Revenue Code and thereby maximize tax deductibility for the Company.

The Committee administers the plan, which comprises 70% of the executive officer's annual bonus opportunity, and established 2008 performance goals based on operating profit equivalent to an EBIT return of 15% on beginning net assets. At that level, the measure was designed to encourage executive officers to focus on improving corporate performance by controlling corporate overhead expenses, improving the quality and volume of earnings, and using capital efficiently.

Our philosophy is to reward financial performance as evidenced by operating profit. Accordingly, the plan was designed so that 100% of bonus target would be paid if the Company earned an operating profit at the 15% EBIT return level set by the Committee. The Threshold performance goal for 2008 was set at the 7.5% EBIT return level, upon the attainment of which participants would be eligible for a payment of 10% of their bonus target. The "stretch" Maximum goal was set at the 20% EBIT return level, upon the attainment of which participants would be eligible for a payment of two times their bonus target. The Committee reviews the Company's net assets, cost of capital, forecasts, and other pertinent information including management's recommendations before establishing performance goals. Decisions regarding the bonus targets were made before March 31, 2008 in accordance with the plan rules.

The bonus targets for 2008 were:

Threshold	$146.5 million EBIT
Target	$292.9 million EBIT
Maximum	$390.5 million EBIT

Following the end of the fiscal year, the Committee determined that the threshold performance goal was not satisfied and that no executive officer would receive a bonus under the plan as reflected on the Summary Compensation Table under the caption "Non-Equity Incentive Plan Compensation" on page 17.

The Committee also administers the Management Incentive Plan, which comprises 30% of the executive officer's annual bonus opportunity. The Committee may award a bonus from zero to two times the Management Incentive Plan bonus target based on its discretion. The Committee determined that no bonuses would be awarded under the Management Incentive Plan as reflected on the Summary Compensation Table under the caption "Non-Equity Incentive Plan Compensation" on page 17.

The Committee is authorized to reduce an award to any participant under the plans, including a reduction to zero, based on any factors it determines to be appropriate in its sole discretion. The Committee also has the discretion to make special additions to compensation, as it deems necessary from time to time.

In February 2009, the Committee adopted a new annual incentive program (the "Georgia Gulf Annual Incentive Program") covering all employees, including the executive officers, which is based on attainment of both corporate and divisional EBITDA financial targets and individual performance goals.

In 2007, the Committee eliminated the general annual perquisite program for executive officers and established an annual miscellaneous bonus of $25,000 as an allowance although we continue to pay for certain perquisites as detailed on page 18.

The Committee approved, as a part of the hiring agreement made during 2008, an initial bonus arrangement for Mr. Thompson that guaranteed payment of a 2008 aggregate bonus amount of $217,700, which is comprised of a one-time relocation bonus of $50,000 and a guaranteed incentive plan bonus of $167,700.

Equity-Based Awards

Beginning in 2005, the Committee instituted annual grants of equity split between restricted stock units ("restricted stock") and stock options, both with time-lapse vesting provisions for executive officers. On each of three annual vesting dates commencing with the one-year anniversary of the grant, one-third of the grants vest. Dividends are paid currently on all restricted stock to the extent that they are paid on Georgia Gulf common stock and are considered as part of the overall executive officer compensation package and are not subject to risk of forfeiture. In certain termination scenarios, described more fully under Employment and Change in Control Agreements/Payments Upon Termination or Change-in-Control on page 16, executive officers become immediately vested in unvested stock awards. The Committee uses from time to time various types of equity awards (including restricted stock and stock options) to promote long-term stock ownership and to subject executive officers to the same risks and rewards as other stockholders.

All stock awards are made pursuant to terms and conditions contained in the Second Amended 2002 Equity and Performance Incentive Plan (the "Equity Incentive Plan") approved by stockholders in 2007. The grants are valued and accounted for pursuant to the requirements of SFAS 123R.

Equity Grant Practices

Prior to the year, the Committee sets the target equity award level (in dollars) for each executive officer based on the median range of the equity award levels of the market references. The Company's Equity Incentive Plan provides that the exercise price of stock option awards is the fair market value of the stock on the grant date.

In conjunction with the development of competitive market references for individual executive officer positions, Watson Wyatt also provides the Committee with information on company stock compensation programs of the market references. This information includes an analysis of aggregate annual grant levels, outstanding equity grants, and their estimated fair values, and how these values compare to financial items such as market capitalization, revenues and operating income.

In its discretion, the Committee may also consider other factors including Company and individual performance, and inducement and retention considerations when determining grant size.

At its February 2008 meeting, the Committee made equity grants to executive officers, and recommended to the Board a grant for the CEO, with values significantly below the target awards values and also below the 25^{th} percentile of the Company's market references. These grants were determined after consideration of 2007 performance results and were made for the purpose of retention and in recognition of the promotion of Paul Carrico to the position of CEO.

During 2008, the Committee approved, as a part of his hiring agreement, initial equity grants for Mr. Thompson.

At its February 2009 meeting, the Committee made stock option grants to executive officers, and recommended to the Board a stock option grant for the CEO, with grant values significantly below the target award value and below the 25^{th} percentile of the Company's market references. In addition, the Committee approved a supplemental cash-based incentive program for executive officers and other key employees. This supplemental program is based on 2009 Company-wide financial performance with the same targets as the 2009 Annual Incentive Program with any earned awards payable to participants who continue employment through July 1, 2010.

Stock Ownership Guidelines

In 2005, the Committee approved the following executive officer stock ownership guidelines to emphasize the importance of substantive, long-term share ownership by senior executive officers to align their financial interests with those of stockholders. The guidelines are denominated as a dollar value expressed as a multiple of base salary:

CEO	5 times salary
Other Officers	$2^1/_2$ times salary

Ownership is determined in the same manner as required by the SEC for purposes of the table under the caption "Security Ownership of Principal Stockholders and Management." Executive officers have five years as an officer to attain the guideline. The Committee reviews stock ownership and compliance with the minimum stock ownership requirements annually. As of January 1, 2009, none of the NEOs with five years of service met the minimum stock ownership requirements primarily due to share price decline. However, each has significant share holdings as reported on page 7.

Deferred Compensation Plans

Executive officers and other designated employees are eligible to participate in the Deferred Compensation Plan (the "DCP"), a non-qualified deferred compensation plan that permits voluntary deferrals of base salary and annual bonuses. There is no Company matching or other Company incentive to participate. All participant contributions vest immediately and there is no minimum holding period. Earnings are credited on account balances based on participant direction within investment choices similar to those available in the Company's 401(k) Plan, except that the Georgia Gulf Company Stock Fund is not available under the DCP. All returns in the DCP and the 401(k) Plan are at market rates. DCP contributions, earnings and account balances for the NEOs are reported in the Nonqualified Deferred Compensation Table on page 24.

Benefits and Supplemental Benefits

We provide employees, including the executive officers, with certain benefits designed to protect them and their immediate families in the event of illness, disability, or death and to provide for financial security following retirement. We believe it is necessary to provide these benefits in order for us to be successful in attracting and retaining employees in a competitive marketplace, and to provide financial security in these circumstances. These benefits include:

- Health and welfare benefits.
- Short-term and long-term disability coverage.
- Supplemental long-term disability ("LTD") coverage, which is offered to all Georgia Gulf employees with salaries in excess of $90,000. Participants pay the full premium for the plan. The maximum monthly benefit under the Supplemental LTD Plan, when combined with the benefit under the Group LTD plan is $20,000, payable until the earlier of the end of the disability or age 65. The benefit is offset by retirement income from the Company's qualified retirement plans.
- The Georgia Gulf Retirement Plan is a broad-based, qualified defined benefit pension plan, which provides a benefit upon retirement to eligible employees of Georgia Gulf Corporation and is further described on page 21.
- The Georgia Gulf Corporation 401(k) Retirement Savings Plan, which matches 100% of employee pre-tax contributions up to 3% of eligible compensation, and 50% of employee pre-tax contributions over 3%, up to 5% of eligible compensation. Specific information describing Company payments for executive officers to the 401(k) Plan is presented on page 18.
- Vacation of up to five weeks, depending on length of service.
- Basic life insurance.

In addition to these benefits, the supplemental benefits described below are provided to executive officers and are believed to be generally consistent with practices of our market references.

- A company car or car allowance. The value of these benefits is disclosed in the footnote on page 18.
- The Supplemental Executive Retirement Insurance Plan was established in 2004 to supplement executive officer death benefits and also to provide a valuable benefit following retirement. The goal of the plan is to provide a supplemental death benefit of at least $500,000. After retirement, the program (life insurance policy or deferred compensation or annuity arrangement) is designed to provide post-retirement income that, when combined with the benefits payable from the Retirement Plan and the 401(k) Retirement Savings Plan, will approximate 50% of final year salary. The Company makes discretionary premium payments to whole life insurance policies or annuities owned by the executive officers and also tax gross-up payments to those officers since the amount of the premium payments is includable in the executive