

Tax Information Provided to Canadian Shareholders of PPG Industries, Inc.

Caution -- A Taxpayer Must Specifically Make an Election to Enjoy Tax Deferred / Rollover Basis Treatment for the PPG Spin-off Transaction of its Commodity Chemical Business

Section 86.1 Information for Canadian Shareholders and Additional Information for Québec Income Tax Filers

On January 28, 2013, PPG Industries, Inc. (PPG) completed a reorganization in which it spun-off¹ its subsidiary, Eagle Spinco Inc. (Eagle Spinco), which held its Commodity Chemicals business. If you tendered your PPG Industries, Inc. common shares for participation in this reorganization and received a share distribution, this memo may contain important Canadian tax information for you. After the spin-off, Eagle Spinco was merged into a subsidiary of Georgia Gulf Corporation (the Merger). Georgia Gulf was renamed Axiall Corporation.

Where a Canadian shareholder of a foreign company (“distributing company”) receives a distribution of shares (“spin-off shares”) as a result of the distributing company’s eligible corporate reorganization (“spin-off”), section 86.1 of the federal Canadian *Income Tax Act* may permit such a spin-off share distribution to pass to the shareholder on a rollover basis (e.g. taxation of any gain is deferred), **provided the shareholder complies with certain filing (or election) requirements specified in section 86.1.** This memo provides a basic overview of the filing requirements. The PPG spin-off of Eagle Spinco has been approved by the Canada Revenue Agency for this treatment. **Canadian shareholders should consult a tax specialist for determining their tax results.** This memo provides only a basic overview of the filing requirements and offers no accounting or tax guidance. Additional information for Québec income tax filers is also provided below.

Please note that all references to *shares* in this memo are references to *common shares* and the term *taxpayer* and *shareholder* are used interchangeably. Dollar amounts are US Dollar.

Summary of January 28, 2013 Transaction

The Spin-off Events

1. PPG’s acceptance for participation in the January 28, 2013 distribution of a certain number² of tendered PPG shares.
2. The distribution of 3.2562 Eagle Spinco spin-off shares for each original PPG share accepted for participation in the distribution.
 - a. The section 86.1 election and July 11, 2013 Canada Revenue Agency determination applies to this step in the overall transaction.

¹ The term “spin-off” is used to describe the separation of the commodity chemical business by PPG via an exchange offer. The term spin-off is consistent with Canadian tax terminology. For US tax purposes, the term “split-off” could be used to describe the exchange offer. Additional transaction details may be found at ppg.com/Investor Center/Exchange Offer Tax Information.

² The exchange offer was oversubscribed. Tendered shares were accepted at a 14.986286% ratio rounded to a whole share, while odd lot shares were fully accepted. Accepted shares were relinquished to PPG.

Other Events Following Spin-off

1. A merger of Eagle Spinco with Grizzly Acquisition Sub, Inc. (a wholly owned subsidiary of Georgia Gulf Corporation), with Eagle Spinco surviving the merger and an exchange or conversion of Eagle Spinco shares into shares of Georgia Gulf Corporation (renamed Axiall Corporation) on a one-for-one basis.
2. Shareholders received cash in lieu of any fractional share interests in Axiall Corporation.

Section 86.1 Election and Canadian Tax Filing Requirements for Spin-Off

In order for spin-off shares on an eligible distribution to pass to the shareholder on a rollover (tax-free) basis, paragraph 86.1(2)(f) of the *Income Tax Act* requires the taxpayer (shareholder) to provide the following documentation and information to the Canada Revenue Agency (CRA):

1. A letter addressed to the CRA stating that the taxpayer wishes section 86.1 of the Income Tax Act to apply to the spin-off share distribution that has been approved as eligible by the CRA (the taxpayer must use a letter as there is currently no prescribed form for this election). Sample letter is below.
2. The letter must be filed with the taxpayer's income tax return, within the prescribed filing time, for the taxation year in which the distribution took place (late filings may be accepted, but penalties may apply).
3. The letter must state the following information about the shares of the distributing company ("original shares" or "PPG shares") the taxpayer owned immediately before the distribution of the spin-off shares to the shareholder.
 - a. The number of the original shares owned.
 - b. The aggregate adjusted cost base of all the original shares to the taxpayer (e.g. the price the shareholder paid on acquisition of the shares).
 - c. The aggregate fair market value of all the original shares owned by the taxpayer immediately before the distribution (see Appendix).
4. The letter must state the following information about the original shares and the spin-off shares the taxpayer owned immediately after the distribution of the spin-off shares to the shareholder:
 - a. The number of the original shares owned.
 - b. The aggregate fair market value of all the original shares owned immediately after the distribution (see Appendix).
 - c. The number of the spin-off shares received by the taxpayer.
 - d. The aggregate fair market value of all the spin-off shares owned immediately after the distribution (see Appendix).
5. We recommend that the letter reference the CRA website at <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/spnffs-eng.html#2013> which states the CRA's approval of the

section 86.1 eligibility of the PPG spin-off and/or enclose a copy of the CRA letter which confirms that eligibility. A copy of the CRA letter is available on ppg.com.

Additional Spin-Off Information for Québec Income Tax Filers

Québec income tax filers who wish to take advantage of the section 86.1 rollover for the PPG distribution for both, the federal and Québec tax purposes, should enclose, in their Québec income tax return, a copy of the section 86.1 election letter addressed to the CRA and also a separate letter addressed to Revenue Québec explaining that the enclosed copy of the letter to the CRA is in compliance with subsection 578.1(f) of the Québec *Taxation Act* and sets out the information required by subsection 578.3(2) of the Québec *Taxation Act*. Québec filers should additionally enclose a copy of the CRA letter which confirms the eligibility of the January 28, 2013 PPG spin-off. An electronic version of the CRA letter is available on the PPG website.

Tax Impact - Other Events Following Spin-Off

Taxpayers are strongly encouraged to determine their tax implications and filing positions regarding the other events associated with the transaction with a tax specialist. Note that the conversion/exchange of Eagle Spinco shares for Georgia Gulf shares (renamed Axiall) pursuant to the Merger and any cash received for a fractional Axiall share, are not covered by the section 86.1 election and must be addressed appropriately for income tax purposes. Taxpayers will need to determine any possible eligibility for an automatic rollover pursuant to subsections 85.1(5) and (6) or whether the conversion/exchange would be treated by the shareholder as a taxable disposition at the fair market value of the Axiall shares received.

Generally it would be expected that where a Canadian shareholder:

1. held the original PPG shares, and subsequently the Eagle Spinco, shares as capital property,
2. dealt at arm's length with Georgia Gulf/Axiall Corporation,
3. received no other consideration on the exchange of Eagle Spinco shares for Georgia Gulf/Axiall shares other than the Georgia Gulf/Axiall shares (cash compensation for any non-issued fractional share of Axiall corporation excepted), and
4. did not report any gain or loss from the exchange of the Eagle Spinco shares for Georgia Gulf/Axiall shares on his or her tax return,

the shareholder should be entitled to an automatic rollover of the adjusted cost base ("ACB") of the Eagle Spinco shares to the Georgia Gulf/Axiall shares under the foreign-share-for-foreign-share exchange provisions contained in subsections 85.1(5) and (6). The result of the rollover would generally be that any gain/loss accrued on these shares would not be realized by the shareholder for Canadian income tax purposes until the shares are disposed of by the shareholder. Thus, there would be tax-deferred rollover treatment for both the spin-off transaction and the subsequent share conversion/exchange transaction pursuant to the Merger. See the Appendix for an example how ACB is rolled over/allocated to the shares.

For Québec Income Tax Filers, the rollover guidelines above should also apply to their Québec income tax compliance obligations pursuant to sections 540.2, 504.3 and 540.4 of the Québec Taxation Act.

In regards to the cash compensation for any non-issued fractional shares of Axiall corporation, where the total compensation does not exceed \$200 and where the shareholder qualifies for the rollover provisions described above, the shareholder should be able to choose whether to report any gain or loss on the disposition of the fractional share or whether to ignore the gain/loss computation and reduce the adjusted cost base of the Axiall shares by the cash received. If the cash received for fractional shares exceeds \$200, the taxpayer must report the gain or loss.

Appendix

Determining the Fair Market Values of the Shares for the Section 86.1 Election Letter.

1. The fair market value of one original PPG share immediately before the distribution is \$144.21, which is the closing price on the last trading day prior to transaction on January 25, 2013.
2. The fair value of one share of Eagle Spinco immediately after the Spin-Off Distribution is \$44.29, which is the value of one PPG share divided by the exchange ratio (\$144.21/3.2562).
3. The fair market value of one original share of PPG stock after the Distribution is \$144.21.

To complete the Section 86.1 election disclosures, you should apply the above share values to the applicable share counts, based on your circumstances.

Determining the Adjusted Cost Base of Original PPG Shares for the Section 86.1 Election Letter.

The shareholder must provide the aggregate adjusted cost base of all the original PPG shares owned immediately before the distribution. This can be determined by aggregating the historical cost paid for each original PPG share. A shareholder will need to review his or her records for this.

Sample Letter to Send Along with Tax Return to Elect Rollover Basis Treatment per Section 86.1 Assuming 100 Shares Tendered

Date _____ Taxpayer Name/Address/Tax Identification No. _____

Canadian Revenue Agency/Address _____

Taxpayer elects rollover basis treatment under section 86.1 for a spin-off of a PPG Industries subsidiary, Eagle Spinco Inc., on January 28, 2013. This transaction was approved for such treatment. See July 11, 2013 CRA letter (copy attached) and <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/spnffs-eng.html#2013>.

Prior to Spin-off Transaction

1. Original PPG shares owned are 100 shares³.
2. Aggregate adjusted cost basis of 100 PPG shares is \$XX.
3. The aggregate fair value of 100 PPG shares at date of transaction is \$14,421 (\$144.21 per share).

Immediately After Transaction

1. Original PPG shares owned after transaction are 85 shares.
2. Fair value of 85 PPG shares is \$12,258 (at \$144.21 per share).
3. Eagle Spinco shares owned after transactions are 48 shares.
4. Fair value of 48 Eagle Spinco shares is \$2,126 (at \$44.29 per share).

³ This disclosure is for all original shares owned. If a taxpayer owned 1000 shares and tendered 400 shares, this disclosure should be for the 1,000 shares.

Taxpayer Signature

Allocating Adjusted Cost Base of the Original PPG Shares to (1) PPG Shares Retained and (2) New Eagle Spinco (Now Axiall) Shares to Determine Future Gains and Losses.

Although not a part of the Sec. 86.1 election disclosure, for future gain/loss determinations, the shareholder will need to allocate the aggregate adjusted cost base (ACB) of the original pre-distribution PPG shares proportionately to (1) the PPG shares retained and (2) the distributed Eagle Spinco (now Axiall) shares. Example -- A shareholder tendered his 100 original PPG shares with an ACB of \$100 per share. Per the spin-off exchange, 15 such shares were accepted for participation in the distribution, the resulting adjusted cost bases of the PPG and Eagle Spinco/Axiall shares would be as follows.

Aggregate adjusted cost base
of the shareholder's **original PPG**
shares: $100 \text{ shares} * \$100/\text{share} = \$10,000$

Aggregate adjusted cost base
of the post-distribution PPG shares
(shares that were not accepted
for participation in the distribution): $(100 \text{ shares} - 15 \text{ shares}) * \$100/\text{share} = \$8,500$

Per-share adjusted cost base
of one **post-distribution PPG** share: $\frac{\$8,500}{(100 \text{ shares} - 15 \text{ shares})} = \$100/\text{share}$

Aggregate adjusted cost base of the
participating PPG shares⁴ (which is
equal to the aggregate adjusted cost
base of the distributed Eagle Spinco
shares): $15 \text{ shares} * \$100/\text{share} = \$1,500$

Per-share adjusted cost base
of one distributed **Eagle Spinco**
share: $\frac{\$1,500}{(15 \text{ shares} * 3.2562 \text{ shares})} = \$30.71/\text{share}$

The adjusted cost base (ACB) of Axiall shares are \$30.71 per share as Eagle Spinco shares were converted into Axiall shares on a one-for-one basis.

In this example, the shareholder should have received 48.843 shares of Axiall (15 accepted PPG shares * 3.2562), 48 shares that were delivered and .843 share paid in cash⁵.

⁴ If you were an odd-lot shareholder where all of your PPG shares were accepted for the Exchange, then your total aggregate basis in the PPG shares will be allocated to the Eagle Spinco (now Axiall) shares.

⁵ The cash paid for a fractional share was based on actual sales made by the transfer agent following the closing (\$54.12 per share) and will not equal the \$44.29 value disclosure in the Sec 86.1 Letter/Election.