

QUARTERLY TECHNICAL BULLETIN

from Progressive Foam Technologies, Inc.

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(The purpose of this bulletin is to provide customers of Progressive Foam Technologies with critical and vital information about Insulated Siding in the areas of standards, testing, building codes, product performance and other relevant technical aspects which are providing additional support in the sale and installation of this product category. Please direct any questions or inquiries to your sales representative at Progressive Foam Technologies.)

Progressive Foam Technologies to Support and Exhibit at the 2009 RESNET Building Performance Conference

Progressive Foam is collaborating with key industry influencers and organizations whose purpose and mission are deemed vital to the continued growth of the Insulated Siding product category. The Residential Energy Services Network's (RESNET) mission is to ensure the success of the building energy performance certification industry, set the standards of quality, and increase the opportunity for ownership of high performance buildings. Among other things, RESNET can deliver a series of ratings on a building that are officially recognized by the US mortgage industry for capitalizing a building's energy performance.

Home energy ratings date back to 1981, when a group of mortgage leaders set up the National Shelter Industry Energy Advisory Council. The council's goal was to establish a way to measure the monetary savings attributable to the energy efficient features of a home with the goal of crediting the energy efficiency of a home in the mortgage loan. The result was the establishment of Energy Rated Homes of America, a national non-profit organization. In 1995, RESNET was founded to develop national standards for home energy ratings and to create a market for home energy rating systems and energy efficiency mortgages.

After more than a decade of development, the infrastructure needed to make energy efficiency a standard feature in the nation's housing market is in place. Across the nation, rating programs, in partnership with the housing industry, are forging the public/private partnerships required for successful home energy rating systems. RESNET is providing the technical, program, and marketing assistance required for this effort.

The RESNET Building Performance Conference is the premier national forum on home energy ratings, residential energy efficiency financing and building performance development. The 2009 RESNET Building performance Conference will take place on February 16-18 in New Orleans, LA. Progressive Foam Technologies will be exhibiting at the conference and supporting the efforts of RESNET to further their mission.

Insulated Siding Added to ICC-ES AC37

At the ICC Evaluation Committee hearing on October 21, 2008, foam-backed siding was added to Acceptance Criteria for Vinyl Siding (AC37). This significant event provides increased

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awareness and acceptance of Insulated Siding as a product category within the building products industry and set the stage for its inclusion in building and regulatory codes. The International Code Council (ICC) is a membership association dedicated to building safety and fire prevention and develops the codes used to construct residential and commercial buildings including homes and schools. Most U.S. cities, counties, and states that adopt codes choose the International Codes developed by the International Code Council.

The next logical step in this product acceptance and coding process will be for Insulated Siding manufacturers to apply for full recognition of their Insulated Siding products through ICC-ES. The International Code Council – Evaluation Services (ICC-ES) is a nonprofit, public-benefit corporation that does technical evaluations of building products, components, methods, and materials. The evaluation process culminates with the issuance of technical reports that, because they directly address the issue of code compliance, are extremely useful to regulatory agencies and building-product manufacturers.

Agencies use evaluation reports to help determine code compliance and enforce building regulations; manufacturers use reports as evidence that their products (and this is especially important if the products are new and innovative) meet code requirements and warrant regulatory approval. ICC-ES evaluation reports are public documents, available free of charge on the worldwide web, not only to building regulators and manufacturers, but also to contractors, specifiers, architects, engineers, and anyone else with an interest in the building industry. All of these people look to ICC-ES evaluation reports for evidence that products and systems are code-compliant.

There are many beneficiaries of this process. Manufacturers benefit from a report from ICC-ES as it makes it easier to market their Insulated Siding product, because they have solid evidence that the product meets code requirements. These Insulated Siding reports will be available for reference by thousands of building departments, as well as other construction-industry professionals. Specifiers, designers, architects, and contractors benefit as they now have evidence for their local building official that they are using code-complying materials. Finally, the general public and home owners benefit from ICC-ES reports as they actively promote public safety and can help in the selection of building products for their own home or other property.

Certification Process Success Continues for Insulated Siding

At a recent meeting of the Vinyl Siding Institute's (VSI) Technical Committee, an announcement was made that ASTM International, formerly the American Society for Testing and Materials, had cleared the way for publication of D7445, *Standard for Rigid Poly (Vinyl Chloride) (PVC) Siding with Foam Plastic Backing (Backed Vinyl Siding)*. That publication is the most recent step in the process of VSI Product Certification for Insulated Siding.

VSI Product Certification is a logical and necessary step in the overall marketing and specification of Insulated Siding. Up to this point, products with an integral foam backing

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material have been certified by the VSI program simply as “vinyl siding”; no statement at all is made about the backing material or what role it plays in the product. Publication of ASTM D7445 provides a mechanism to certify products as “backed siding”; as a distinct product from “vinyl siding”.

In March of this year, the process will begin to construct a certification program that will include guidelines, technical interpretations, logo/label usage instructions, and anything else that becomes apparent during the development of the program. Obviously, this process will take quite a bit of effort and will entail a great deal of decision-making within VSI, so it won't happen immediately.

VSI's long term plan is to include a standard for “insulated siding” as compared to “backed siding”. Once a distinction can be made by ASTM, then a similar process will need to be completed before Insulated Siding can be integrated into the VSI certification program. According to David S. Johnson, Senior Technical Director, at VSI, “the continued development and recognition of these enhanced products will continue to give us plenty to do over the next few years.”

“Fix Housing First” Recovery Plan Initiative Update

Progressive Foam - Part of the Wake County, NC HBA Trip to Washington, DC

The Fix Housing First Coalition is a diverse group of housing stakeholders dedicated to addressing the root cause of American economic troubles. The coalition is advocating for a short-term incentive for qualified home buyers that would stop the fall in home values, restore consumer confidence, create jobs, and lift our entire economy.

From the perspective of this coalition, falling home values are at the core of the current economic crisis. Home prices and property values are falling, people are hesitant to buy homes now because of unstable values, and foreclosures are flooding the marketplace. All this has led to thousands of jobs across all industries being lost, small business failures, and a virtual halt to consumer spending. Since the construction industry represents 16% of this country's Gross National Product, it is easy to see how any bad news in that sector can have a huge ripple effect through our economy.

Through a series of solutions related to tax credits, down payments, and interest rates, the Fix Housing First Coalition has proposed a framework that would form a workable solution to the problems currently facing the housing industry. Part of the solution includes short-term targeted incentives that will encourage Americans to buy homes again right now. The coalition notes that while housing is at the root of our economic crisis, it can also be the spark that turns the economy around.

Recently, a delegation of 86 members of the Home Builders Association in Wake County, NC traveled to Washington, DC to present the recovery plan outlined by Fix Housing First. The

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group included Patrick Kennedy, South-East Regional Sales Manager for Progressive Foam. This delegation conducted meetings with three members of the US House of Representatives and two Senators to fully explain the housing situation and what they see as the solution. They stressed that time is of the essence in accomplishing what needs to be done in order to get this segment of our economy up and running and leading the way to recovery.

As you can see, Progressive Foam is both a coalition member and active supporter. You are urged to learn more about Fix Housing First by going to their website, www.fixhousingfirst.com. Learn more about the details of the recovery plan advocated by the coalition, see how housing impacts our entire economy, and learn how to contact your own Senators and Representatives in Washington to get them behind this plan. Congress needs to hear from you!

Does Insulated Siding with the Fullback™ Thermal Support System Qualify for the Home Energy Tax Credit?

The passing of the Stimulus Bill on February 17, 2009, has increased and extended this credit through December 31, 2010. US homeowners will now have the opportunity to claim up to a \$1,500.00 tax credit for the installation of energy-saving components to their home. Progressive Foam's Insulated Siding with FullBack™ Thermal Support System (field installed, drop-in foam backer) is included as an eligible component under this program. A homeowner can receive a tax credit based on 30% of the cost of the energy saving component (in this case, Fullback™ Thermal Support System) by requesting an itemized invoice for the cost of that component and completing a manufacturer's certificate that indicates that the component does qualify under the program. Progressive Foam's certificate is available at our website www.fullback.com.

The question has been asked why Insulated Siding with Fullback™ Technology (factory-installed foam backer) does not qualify for the tax credit while doing the same job as the field-installed Insulated Siding with FullBack™ Thermal Support System. Under the Energy Tax Credit provision, the primary purpose of any eligible component must be to reduce heat loss or gain. While field-installed insulated, drop-in foam backer is identified as an insulator that aids in reducing heat gain or loss, the factory-installed products have a different primary purpose. Those products have been identified as *siding*, with a primary purpose of cladding, unrelated to heat gain or loss. An arbitrary rule established by the government on this explanation is that the production costs of the combined components (siding and foam backer) must feature a higher production cost for the component that is designed for reducing heat gain or loss than for the non-energy saving components.

Recent developments within testing, building codes, and regulatory agencies (see articles on AC37 and ASTM D7445 included in this bulletin) to validate energy saving benefits will surely pave the way for factory-installed Insulated Siding to be included in future Energy Tax Credit legislation. Progressive Foam will continue to work with the Vinyl Siding Institute (VSI) and other stakeholders to insure that this product category receives the designation that it deserves as an energy saving component for homeowners.