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Compensation Discussion and Analysis

The following discussion and analysis of compensation arrangements of our named executive officers for 2006 should be read together with the compensation tables and related disclosure set forth below. This discussion contains forward looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from currently planned programs as summarized in this discussion.

Introduction

Since May 2005, we have been privately owned and controlled by three private equity firms. Together these firms own 90 percent, while management owns 10 percent of our parent company CPG International, LLP (the Parent). The typical private equity firm makes an investment in a company and then oversees and nurtures the investment. The overriding objective of our owners and management is to increase the economic value and size of the Company during the period of ownership to assist the Company in achieving its owners' goals. As a result, our compensation philosophy is designed to directly support achieving those goals and objectives.

Our named executive officers for 2006 are Jim Keisling, our Non-executive Chairman, John R. Loyack, our President and CEO, Scott Harrison our Executive Vice President and Chief Financial Officer and Ralph Bruno our President of AZEK Building Products, Inc. Mr. Loyack was promoted to Chief Executive Office on January 1, 2007. Prior to that Mr. Loyack served as President and Chief Operating Officer. Mr. Keisling became Non-executive Chairman upon his retirement as Chief Executive on January 1, 2007. Mr. Harrison became Executive Vice President and Chief Financial Officer on December 1, 2006 prior to that Mr. Harrison was Senior Vice President and Chief Financial Officer.

Corporate Governance

Compensation Committee Authority. Executive officer compensation is administered by the compensation committee of our board of directors, which is comprised of three members. Mr. Christopher Mahan, a director, has been the chairperson for the compensation committee from its inception in 2005. In addition, Mr. Brian Hoesterey and Mr. James Anderson, directors, also sit on the compensation committee. Our board of directors appoints the members of the compensation committee and the board has delegated the direct responsibility for compensation matters to the compensation committee, including:

- approving all benefit plans;
- approving, in advance, the compensation and employment arrangements for our executive officers;
- reviewing and approving the compensation of annual cash incentive awards; and
- reviewing and approving all grants of equity units in the Parent.

Due to the nature of our ownership, the members of the compensation committee hold significant ownership positions in the business. Therefore; they are not independent directors under the securities and exchange rules. The compensation committee met five times in 2006.

Role of Compensation Experts. The compensation committee is authorized at the expense of the Company to obtain surveys, reports on the design and implementation of compensation programs for directors, executives and employees, and any other data or documentation necessary for the compensation committee to carry out its responsibilities. However, due to the nature of our ownership and the fact that out executive officers are covered by arms length, negotiated employment agreements, the compensation committee has not used such experts in the determination of executive compensation in 2006. Employment agreements typically reflect our judgment regarding the executive's impact on the business and our subjective assessment of the relative importance of these executives to the overall success of the business. Although these employment agreements require us to pay severance if the executive officer is terminated under certain circumstances and limits, to some extent, the flexibility to adjust the compensation paid to the officer, we believe we derive substantial value from these arrangements from having non-compete agreements with these executive officers.

Role of Executive Officers in the Compensation Process. Mr. Loyack, our chief executive, was actively involved in providing recommendations to the compensation committee in its evaluation and design of the 2006 compensation programs for our executive officers, including the recommendation of individual compensation levels for executive officers other than him. Mr. Loyack relied on his personal experience serving in the capacity of an executive officer for a public company as well as publicly available compensation information. Mr. Loyack attended all of the compensation committee meetings. However, Mr. Loyack was not present during compensation committee deliberations and voting pertaining to the determination of his own compensation. No other executive officer played an active role in the evaluation, design or administration of 2006 executive officer compensation programs.

Executive Officer Compensation Strategy and Philosophy

Our executive officer compensation strategy has been designed to attract executives with true entrepreneurial spirit and strong ability to manage a rapidly growing business. The compensation strategy is focused on aligning our executive with the long-term business strategy of creating a profitable, high growth building products company with market leading brands. As such, a significant amount of our executive compensation is in the form of equity incentive in our Parent. It has been our view that compensation for executives should consist of the following components:

- base salaries;
- annual cash incentive awards;
- long term equity incentives; and
- certain other benefits

Base Salaries. We believe that salaries are an essential element of a competitive compensation program to attract and retain qualified executives. Our executive officers are covered by employment agreements, as such, we pay compensation initially in accordance with the term of the agreement and thereafter based upon our assessment of their relative responsibilities, performance and contribution to creating value for our owners.

Annual Cash Incentive Awards. We believe the payment of annual cash incentives based upon specific performance criteria is consistent with our goal of creating alignment between our executives and the goals of our owners. The 2006 cash incentive award was focused on both corporate and business unit EBITDA goals set by the compensation committee. In addition, the 2006 incentive award program included the following performance targets:

- meeting certain business unit sales growth targets;
- expansion of our business into new geographies;
- successful integration of our recent Santana acquisition;

- successful implementation of our new SAP technology platform;
- successful introductions of new products;
- implementation of our LEAN manufacturing process; and
- other accomplishments critical to our business strategy.

Equity Ownership. We believe the most critical component of compensation for an entrepreneurial business such as ours is appropriate long-term equity incentives. We believe that long-term equity ownership directly aligns the interests of management with our other equity owners. All of our executive officers own an equity interest in Parent.

Beginning in 2005, we establishes an equity compensation program for executive officers and other key managers under which officers and key managers are awarded limited partnership units in Parent that allow each participant to share in the value created at the exit of the business by the current owners based upon the number of limited partnership units held in Parent by the executive officer or key manager at the time an exit strategy is completed. In 2006, Mr. Loyack received 1,000 units and Mr. Harrison received 200 units. In early 2007, Mr. Loyack received 1,000 units, Mr. Harrison received 200 units and Mr. Bruno received 100 units.

Section 162(m)

Section 162 (m) of the Internal Revenue Code limits the aggregate deductions for each named executive officer compensation to the extent the aggregate amount paid to the executive officer exceeds $1.0 million, unless it is paid under a predetermined objective performance plan meeting certain requirements, or satisfies one of various other exceptions specified by the Internal revenue Code. At our executive officer compensation levels, we did not believe that Section 162(m) of the Internal Revenue Code would be applicable in 2006.